



Daily Report

East Asia

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Asia Said Concerned by U.S.-Led APEC Group

*OW1602141295 Tokyo ASAHI SHIMBUN in Japanese
16 Feb 95 Morning Edition p 12*

[FBIS Translated Text] The Economic Relations Group was established within the Asia-Pacific Economic Cooperation (APEC) forum in 1992 and the group has since proposed liberalizing trade and investment in the Asia-Pacific region. Recently, however, there have been moves to block the group from making any aggressive proposal for liberalizing trade and investment in the region. Asian nations are conspicuously dissatisfied with the U.S.-led move to speedily liberalize trade and investment in the region. Those Asian nations fear that if the group chaired by an American makes any in-depth proposal for liberalizing trade and investment in the region, it would create a snag in intergovernmental talks to discuss matters concerning APEC meetings to be held in Osaka in November. Member nations are also criticizing the group by claiming, "APEC is a forum where private sectors and governments from around the region discuss ways to cooperate with each other, but the group has recently taken on an overly bureaucratic tinge."

The group is composed of scholars from the region and APEC member nations and it has been chaired by (Fred Baxton), director of the U.S. International Economic Research Institute, who is known to be close to President Clinton. Asian nations are voicing concerns that with the establishment of the group within APEC, the nature of APEC has changed and the primary purpose of APEC has shifted from economic cooperation to market liberalization.

The APEC summit held last year adopted a declaration setting the timing of trade and investment liberalization after accepting a proposal from the group. Malaysia and Thailand have even advocated disbanding the group. The group's mandate is to "assess progress in APEC and make proposals for strengthening cooperation among APEC member nations." The mandate is ambiguous out of consideration for concerns among Asian nations.

With regard to the group's role, the APEC meeting's host, Japan, intends to bring up the question of how to promote liberalization of trade and investment not in the group, but in the intergovernmental talks, saying, "The question of how to promote medium-and long-term liberalization will be taken up in the intergovernmental talks."

(Linda Christopher) in charge of APEC in the U.S. State Department told a 15 February news conference that "I hope the group will monitor government-level activities and contribute to the medium- and long-term liberalization of trade and investment in the region." In this way, she indicated the United States would use the group as leverage to promote the liberalization of trade and investment in the region.

APEC will decide what role the group plays in the future. Some members of the group are saying: "Japan is excessively wary of other Asian nations and the United States. We hope that group members will be permitted to freely make proposals."

APEC Sees Japan as Bridge to North America

*OW2002140195 Tokyo KYODO in English 1341 GMT
20 Feb 95*

[FBIS Transcribed Text] Bangkok, Feb. 20 KYODO—Asian countries in the Asia-Pacific Economic Cooperation (APEC) forum want Japan to serve as a bridge between them and North America on the pace of economic liberalization, the Thai deputy prime minister told Japanese business leaders Monday [20 February].

Deputy Prime Minister Suphachai Phanitchaphak made the comments when he met with members of a top-level economic mission sent by Japan's business group, the Federation of Economic Organizations (Keidanren).

According to Keidanren officials on the mission, Suphachai said the members of the Association of Southeast Asian Nations (ASEAN) will continue efforts to liberalize trade and investment as called for in the APEC forum.

However, they do not want to be held to a fixed schedule in doing so, Suphachai was quoted as saying, apparently referring to the United States' leadership on the issue.

Stressing that ASEAN members are willing in regard to liberalization, Suphachai said Japan should take initiative on the matter at the forthcoming APEC meeting scheduled for November in Osaka, the Keidanren officials said.

Suphachai also said he believes economic liberalization should be carried out in line with the world trade organization, and asked for understanding of the diverse backgrounds and economic situations in the ASEAN members, the officials said.

As for Japan's investment in Thailand, Suphachai told the mission his country now wants more investment in the field of higher technology rather than in labor-intensive areas.

The Keidanren mission, led by Chairman Shoichiro Toyoda, is now on a tour to Singapore, Thailand and Vietnam to exchange views with government and business leaders in each country.

India 'Optimistic' on Upgrading ASEAN Status

*BK1902120495 Bangkok THE SUNDAY POST
in English 19 Feb 95 p 4*

[Report by Dinesh C. Sharma in New Delhi]

[FBIS Transcribed Text] ASEAN believes it is too early to consider upgrading India's status with the grouping but, in talks here earlier this week, agrees that the time has come for a boost in business relations.

Asean Secretary-General Ajit Singh was in New Delhi and Goa from February 13 to 17 at the head of a 40 strong delegation comprising officials and businessmen from the six member states of the Association of Southeast Asian Nations.

Mr Singh met Prime Minister P.V. Narasimha Rao, Foreign Minister Pranab Mukherjee, Finance Minister Manmohan

Singh, Commerce Minister P. Chidambaram and several industry representatives during his stay.

The Asean secretary-general was non-committal on the issue of upgrading the status of India from that of "sectoral dialogue partner" to "full dialogue partner."

"The issue has not arisen," Mr Singh told newsmen.

"We are just in our second meeting. We are trying to give substance to our relations," he added.

Asean's relations with full dialogue partners such as the United States, Canada, Japan, Australia, New Zealand evolved over a period of time, he pointed out.

South Korea and the European Union are also dialogue partners of Asean, which comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The Indian side, however, remained optimistic. Attainment of the status of full dialogue partner would be possible at an opportune time, a senior foreign office official said.

Under an agreement in New Delhi in 1993, Asean and India established sectoral dialogue relations in trade and investment, tourism, and science and technology.

During talks with Commerce Minister Chidambaram, Mr Singh said Asean would eliminate non-tariff barriers over the next five years, facilitating the path for Indian firms to set up joint ventures in the region.

Mr Singh proposed that Asean and India work together to thwart attempts by certain developed countries to link labour standards and environmental concerns with trade.

He also urged vigilance against the attachment of a "social clause" to any new trade relationship.

Mr Singh came here for the second meeting of the Asean-India Joint Sectoral Co-operation Committee (AIJSCC).

The AIJSCC reviewed progress since its first meeting, in Bali last year, and chalked out a programme for future co-operation.

Participants felt that the environment was now more favourable for expanding trade and investment in the immediate as well as long term.

They decided to hold the first Asean-India Round Table in Singapore in the third quarter of this year in order to promote trade and investment, and match-make business partners.

The Indian side accepted an invitation from the Asean Chambers of Commerce to attend their meeting in Manila next month.

The meeting set Indonesia as the venue of the third AIJSCC.

M. Rajaram, leader of the Asean business delegation and chairman of the advisory committee of the Asean Chambers of Commerce and Industry suggested that India further open up the banking, civil aviation and tourism sectors.

Only one bank from the Asean region had set up a branch in India because rules governing the banking sector were very rigid, he pointed out.

But four nationalised banks from India, and the State Bank of India, had set up branches in Asean countries because of their favourable banking regulations, he added.

Similarly, Asean companies interested in setting up hotels in India were constrained by high land prices in India.

The delegation also gave a presentation of Afta (Asean Free Trade Area).

Mr Singh was accompanied by directors-general of Asean from the member countries and leading businessmen from the region.

Japan

U.S. Arms Export Policy 'Tacitly' Criticized

OW2202040295 Tokyo MAINICHI SHIMBUN
in Japanese 21 Feb 95 Morning Edition p 3

[FBIS Translated Text] Kunihiro Saito, administrative vice minister of foreign affairs, in a 20 February news conference commented on the U.S. Government's announcement of its policy to aggressively export conventional arms. The vice minister tacitly expressed concern over the U.S. stand, saying: "We cannot say that exporting arms is totally wrong, but I feel that one of the reasons why conflicts in various regions of the world are intensifying is that there are far more conventional arms than is necessary. I feel that Japan is contributing to world peace by not exporting conventional arms." However, regarding the propriety of the new U.S. policy on arms exports, Saito simply said, "It is not appropriate to say this and that about it in public."

Tokyo To Weigh Expanding U.S. Apple Imports

OW2202114895 Tokyo ASAHI SHIMBUN in Japanese
22 Feb 95 Morning Edition p 12

[FBIS Translated Text] The Ministry of Agriculture, Forestry, and Fisheries announced on 21 February that the U.S. Government asked the Japanese Government to additionally lift the ban on imports of four kinds of U.S.-grown apples, including "Fuji." The Japanese Government plans to examine whether to allow such imports to Japan upon receiving data from the U.S. Government on preventive measures for apple blights, but it is unclear when the U.S. Government will present the data to the Japanese Government. It is said that it takes about one year to initiate the process of lifting the ban on imports of the U.S.-grown apples after receiving the data.

Last year, Japan lifted the ban on imports of two kinds of U.S.-grown apples—"golden delicious" and "red delicious"—which went on sale in Japan in January this year.

Bilateral Group Working on U.S. Base Issues

OW2202050095 Naha OKINAWA TIMES in Japanese
22 Feb 95 Morning Edition p 2

[FBIS Translated Text] Tokyo—In a meeting of the second subcommittee (which handles matters under the Ministry of Foreign Affairs) of the House of Representatives' Budget Committee held on 21 February, Kusuke Uehara (of the Social Democratic Party of Japan) asked about the government's actions on the three pending issues regarding military bases on Okinawa, including the reversion of the Naha military port.

Foreign Minister Yohei Kono in his response noted that he has received instructions from Prime Minister Tomiichi Murayama to take action to find solutions to the three issues, but Kono did not say much about specific actions except to say: "The Japanese-U.S. joint committee's working group is currently conducting studies on this. We would like to take actions based on the results of the discussions at the working group's meetings."

Nagasaki Group Urges A-Bomb Exhibit in U.S.

OW2202100395 Tokyo KYODO in English 0907 GMT
22 Feb 95

[FBIS Transcribed Text] Nagasaki, Feb. 22 KYODO—A Nagasaki civic group urged the city government Wednesday [22 February] to participate in Hiroshima's plans to hold an exhibition in the United States on the two cities' atomic bombings in August 1945.

Hiroshima City officials have started planning such an exhibition after the Smithsonian Institution sharply scaled back an A-bomb exhibit which would have put on display the restored Enola Gay, the U.S. bomber that dropped a uranium-235 atomic bomb on Hiroshima on Aug. 6.

A second bomb was dropped on Nagasaki three days later.

The planned exhibit at the National Air and Space Museum had drawn sharp protests from Japanese A-bomb victims, but also from U.S. war veterans who charged that the project depicted the Japanese as "victims" of U.S. vengeance.

The institution said last month the display would now consist of only the restored fuselage of the B-29 bomber along with some information about the plane and a video about the crew.

The exhibit will also not address the moral side of the use of nuclear weapons nor mention the extent of damage or casualties caused by the two atomic bombs.

The Nagasaki group, headed by Sadao Kamata, visiting professor at the Nagasaki Institute of Applied Science, delivered its appeal for a more comprehensive exhibition, including a hearing with survivors of the atomic bombings to Nagasaki Mayor Hitoshi Motoshima and the head of the City Assembly.

The group also wants A-bomb victims to be sent to talks on the extension of the 25-year-old nuclear Nonproliferation Treaty (NPT), which aims at curbing the spread of nuclear materials and weapons, that is to open in New York on April 12.

Ban-the-bomb groups view the proposed eternal and unconditional extension of the treaty, which allows Britain, China, France, Russia and the United States to possess nuclear arms, as thwarting the global abolition of nuclear weapons.

The appeal also said Nagasaki should also pressure the Japanese Government to clearly declare the use of nuclear weapons illegal.

Last year, Japan's Foreign Ministry caused domestic uproar when arguing in a statement to the United Nations that from the legalistic view the use of such weapons does not contravene international law.

The group also suggests holding symposiums on the atomic raids with participants from the United States and Asian countries.

"Thirty years after the atomic raids Hiroshima and Nagasaki concluded a solidarity treaty with cities around

the world that are devoted to peace. Fifty years after we hope to reap the fruits of our joint work," Kamata said.

Draft of Deregulation Promotion Plan Issued

*OW2202063895 Tokyo YOMIURI SHIMBUN
in Japanese 21 Feb 95 Morning Edition p 2*

["Gist" of the final draft of the Japanese Government's Deregulation Study Committee's recommendations issued on 20 February]

[FBIS Translated Text] 1. Need for promoting deregulation (omitted)

2. Basic thinking—With regard to economic regulations: 1) regulations on business participation, equipment, imports, and pricing being enforced from the viewpoint of adjusting demand and supply should be abolished within five years; 2) price regulations, such as those on public utilities charges and price support systems, should be limited to a minimum number of goods and services; and 3) the relaxation of regulations to facilitate the raising of capital by medium and small businesses and to secure manpower for these businesses should be emphasized.

Regarding social regulations, these should be reviewed to ensure that regulations on participation, equipment, and other aspects do not serve to protect vested interests.

3. Toward the formulation of the Deregulation Promotion Plan (tentative title)—All government ministries and agencies should review all regulations under their jurisdiction from a clean slate, and should incorporate in the plan provisions to revise such regulations, including proposals for their abolition, after a certain period of time.

Even after drawing up the Deregulation Promotion Plan, there should be continuing efforts to heed the views of the Administrative Reform Committee and opinions at home and overseas, and to follow up implementation. This committee agrees unanimously that there is a need for a new organization or a permanent framework for regular and systematic deliberation under the Deregulation Study Committee.

4. Recommendations for individual sectors:

Housing and land—It is recommended that agricultural land with an area of more than 4,000 hectares in the Tokyo metropolitan area, and where cultivation has been abandoned, should be converted to use for large-scale urban development. With regard to construction materials and machinery, commodities meeting the standards of Japan's trading partners in North America and other regions should, in principle, be used in domestic housing construction without further questions.

Distribution—It is recommended that a policy direction be indicated for the Large Retail Store Law, including the possibility of abolition. With regard to licenses for the sale of alcoholic beverages, committee members recommend that the demand-and-supply adjustment requirement be

abolished, and that concrete steps to be taken and a schedule of implementation be written into the Deregulation Promotion Plan.

Transportation—The car inspection period for trucks and other commercial vehicles should be extended from the present one year to around two years, and the extension of the inspection period for private cars should also be considered.

The current passenger fare system should be reviewed in order to promote management efforts by business operators, to strengthen competition, and to advance consumers' interests. Efforts should be made to introduce new systems, such as the price cap (price ceiling) system.

Financial services, securities, and insurance—Except for the purpose of protecting individual investors, regulations on bulk transactions should be abolished.

Administrative measures to protect banking institutions should be seriously reconsidered. What the government should do is to present a blueprint indicating the goals of financial liberalization, the process of reaching such goals, and the limits of government intervention.

Competition policy—The cabinet resolution to "review the system of exemption from coverage by the Antimonopoly Law, with a view of abolishing this system within five years, in principle, and to reach a concrete conclusion on this issue before the end of FY 1995," should be implemented without fail.

Committee members recommend that the cabinet resolution to "revoke all commodities designated to be covered by the resale price maintenance system, and to limit and clearly delineate the coverage of copyrighted items before the end of FY 1998," should be implemented without fail. Other committee members point out that the copyrights of newspapers and books should be handled with care.

Committee members are of the opinion that the ban on holding companies be lifted, and the blanket ban be revised to cover only "harmful cases."

Leaders Confirm Support for Reform

*OW2202133595 Tokyo YOMIURI SHIMBUN
in Japanese 21 Feb 95 Morning Edition p 2*

[FBIS Translated Text] Following the compilation of an opinion report by the government's Deregulation Study Committee [DSC] on 20 February, top government and ruling coalition party leaders held a meeting the same day and confirmed that all-out efforts will be made to work out the government's five-year plan on promoting deregulation, the deadline for which is the end of March. They plan to do so after submitting a report of their opinions to the Administrative Reform Promotion Headquarters (headed by Prime Minister Tomiichi Murayama) this week. From the standpoint of helping resolve the Japanese-U.S. economic friction, deregulation—which is one of the three pillars of the "Murayama administrative reform" program along with the review of government-affiliated special public corporations and decentralization of power—has drawn much

attention at home and abroad. However, in addition, relevant business organizations which have put up resistance to deregulation, government ministries and agencies which do not want to give up their vested interests have also begun to put up stronger resistance. Facing this situation, in which there is "approval in general but opposition to the particulars," the government has been unable to set its sights on working out its deregulatory plan.

In a meeting with Fuji Xerox Chairman Yotaro Kobayashi, who visited the Prime Minister's Official Residence on 16 February, Prime Minister Murayama stressed his determination to take on deregulation, saying: "At the summit meeting, I told U.S. President Bill Clinton that I would carry through with it. I must also do it for Japan's sake." As he has been bombarded with criticism about the government's handling of the great Hanshin earthquake and in connection with the issue of reviewing special public corporations, it is observed that Murayama hopes to regain lost confidence by exerting leadership in carrying out deregulation which, for the prime minister, is an international "pledge."

However, when it comes to the details of the deregulatory plan, which is the focal point of discussions by the DSC, members of the committee hold different views. For example, in the case of the Large-Scale Retail Store Law, which places certain restrictions on opening large retail stores, representatives from trading firms and labor unions, who expect deregulation to bring about favorable effects in the form of increased imports and lower prices, insist on clarifying specific procedures involved in the gradual abolishment of the law and the relevant timetable. On the other hand, representatives from medium and small retail businesses insist on keeping the basic framework of the Large-Scale Retail Store Law intact.

In the case of the regulation requiring licenses to sell liquor, which has hindered the opening of new liquor stores, those already in the business are opposed to deregulation, coming up with arguments like "further deregulation is unnecessary from the standpoint of preventing minors from drinking liquor." The issue of reviewing the price support system for agricultural products has also become the subject of heated discussion, as some DSC members, siding with the farmers, have urged taking a cautious stance, saying that "it needs to be studied for 10 or 20 years," while others have responded with criticism that this would run counter to the current trend toward liberalization. Bureaucrats at relevant ministries and agencies, who want to protect their vested interests, and officials from relevant business organizations are conducting aggressive behind-the-scenes maneuvers to pressure DSC members into having their opinions reflected.

As a result, the DSC's report, in addressing specific items of deregulation—in a majority of the cases—lists arguments both for abolishing regulations as well as maintaining the status quo. Consequently, some DSC members complained: "What was the purpose of this committee? It seems that the government merely wanted to create an excuse for saying that it actually studied the matters."

Regarding the deregulatory plan which the government is expected to come up with in the future, the Foreign Ministry and the Ministry of International Trade and Industry, which both attach much importance to Japan's relationship with the United States, plan to ask the prime minister to make the final decision. A senior government official has said: "This is no longer a time to discuss the pros and cons. Politicians must now make the final decision on whether to carry through with it or not." On the other hand, other ministries and agencies are expected to put up resistance. As a result, inter-ministerial disputes are expected to intensify. Moreover, the government must coordinate on the matters with the ruling coalition parties. Thus, there is no guessing how effective a plan can be worked out.

The DSC has actually recommended setting up a permanent study panel to carry out the follow-up work involved in the five-year deregulatory plan. However, in some quarters of the government, there has emerged a passive attitude, with some officials arguing that "the existing Administrative Reform Committee, which is a non-governmental organ, can take care of that" (as stated by a government source).

In this backdrop, there appears to be a view that "excessive involvement with deregulation could affect the administration" (as stated by a senior ruling party official). It seems that the prime minister's leadership will be put to test once again.

Report Termed 'First Step'

OW2202103495 Tokyo KYODO in English 0951 GMT
22 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—A government panel working on deregulation came up Wednesday [22 February] with a report calling for wide-ranging liberalization in economic and social activities, officials said.

The officials said the report, to be handed to Prime Minister Tomiichi Murayama on Friday, proposes establishing a third-party organ to study deregulation on the basis of a private-sector viewpoint.

The document, worked out by the Deregulation Committee of the government's Administrative Reform Promotion Headquarters, calls for economic regulations to be abolished in principle and for social regulations to be kept to a minimum, they said.

Chief Cabinet Secretary Kozo Igarashi said the government will take into full account the content of the report in working out its five-year deregulation program next month.

"The report will be the first step toward a full study on deregulation by the government," Deputy Cabinet Secretary Hiroyuki Sonoda told reporters.

The report will seek transparency in the process of deregulation and government ministries withholding decontrols in specific areas will be required to clarify the reason why regulations should be retained, the officials said.

They said the report simply states both sides of the argument on some sensitive issues on which no conclusions were reached, such as relaxation of regulations on the opening of large-scale retail stores, the abolition of the liquor store licensing system and privatization of the employment assistance business.

The report seeks removal of regulations in production and distribution of farm produce within five years.

It also proposes lifting a ban on cross shareholdings currently in place under the antimonopoly law and sweeping liberalization in financial and securities markets, including the removal of barriers separating banking and securities business, the officials said.

TSE To Remove Rules on Share Allocations Limit
OW2102135395 Tokyo KYODO in English 1334 GMT 21 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—The Tokyo Stock Exchange [TSE] said Tuesday [21 February] it will remove regulations on share allocations applied to over-the-counter companies when they are listed on the market, effective March 1.

Under the current practice, a company to be newly listed on the market is required to limit the number of shares sold to an investor to a maximum of 5,000 shares.

The regulation was implemented in April 1989 to prevent unfair stock trading.

The exchange also decided to ease requirements for the listed corporations as a special step to avoid a rush of new stock issues toward the end of March when most firms close their books, officials said.

The companies listed on the market will now be allowed to meet the requirements, such as the minimum number of shareholders, by the end of June instead of March.

Daiei Seeks Longer Operating Hours at Stores
OW2002042795 Tokyo KYODO in English 0338 GMT 20 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO—Daiei Inc., Japan's largest supermarket chain, has obtained government permission to extend operating hours at one of its stores by one hour to 9 P.M. and hopes to obtain permission for the entire chain, a Daiei spokeswoman said Monday [20 February].

Daiei will extend its hours at the Naruko store in Nagoya starting March 1.

The company is hoping to extend operating hours at all its 365 stores across the country.

Daiei submitted an application covering 105 stores to the Ministry of International Trade and Industry's regulatory panel on large-scale retail business in early February and will soon submit similar applications for the rest of the stores, she said.

"Daiei has decided to extend its hours to adjust its business to changes in the lifestyle of Japanese people, such as demand from salaried workers who shop on their way back home after completing the day's office work," she said.

"When we conducted a test of extending hours at various stores along with the surveys of shoppers last summer, we heard many couples say they came to jointly select and buy home electrical appliances and other products after supper," she said.

The government panel is now studying the impact of such an extension on smaller local retailers whose sales may decline.

Japan has been under U.S. pressure to relax restrictions on large retailers to give greater leeway to both large foreign and domestic retailers to sell imports.

Regulations set under the Large-Scale Retail Stores Law were further softened last May as a result. The law stipulates that large retailers wishing to extend operating hours beyond 8 P.M. year round, must apply for permission from the panel.

Tokyo Urged To Show Leadership at APEC Talks
OW2202011795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Feb 95 Morning Edition p 2

[Editorial: "Respect The APEC Declaration"]

[FBIS Translated Text] The Fukuoka conference of senior officials from the Asia-Pacific Economic Cooperation (APEC) forum has closed after adopting an ambiguous agreement that liberalization of trade and investment should be promoted under the "voluntary principle of cooperation." At the meeting, attendants again discussed discord between the United States and Asian nations, but all APEC members should overcome the discord to make progress.

Japan is expected to demonstrate its leadership by fully grappling with its responsibilities.

As the host nation for 1995, Japan is supposed to take the lead in APEC. At the summit in Indonesia last November, APEC leaders adopted a declaration setting as a goal the shifting of the Asia-Pacific area to a free trade and investment zone by the year 2020, with advanced nations taking the lead by 2010; however, APEC postponed until the 1995 summit in Osaka debates on tangible trade liberalization.

The Fukuoka conference last week was regarded as the starting point of a series of talks paving the way for the Osaka summit. The United States insists preparations are made for a long-term trade liberalization action plan, without any exceptions; however, some Asian nations oppose the U.S. proposal, saying action plans should be prepared by individual members taking into consideration their own economic situations. APEC members were unable to agree on the point during the Fukuoka conference.

APEC has long had difficulties in handling U.S.-Asia discord, and this will be the same in APEC management in the

future. The United States is urging enforcement of "comprehensive and sectional rules with definite target dates" regardless of the economic situation of individual member nations. In fact, Asian nations are frustrated by the U.S. demand. On the other hand, it may be difficult to achieve remarkable results with the Asian plan for members to make voluntary efforts.

We must reconsider, then, why the Bogor declaration adopted at the Indonesia summit advocated trade liberalization for all APEC members. It is not merely a pipe dream we do not have to take seriously. The declaration was adopted because APEC members were aware that liberalization will ultimately benefit them all.

The economies of APEC members vary in their scale and maturity. APEC should make decisions at an "unstressful and acceptable" pace for every member, or it will be impossible to maintain the unity of the forum. However, we will not feel APEC has any significance unless it is unable to make progress.

APEC is an international forum with a contradiction in its very foundation. But all APEC members are interested in multinational cooperation for two reasons—the growing economic power of the Asia-Pacific region, and intensified mutual dependence among members of the community. These factors give APEC the power to move ahead in overcoming difficulties. Japan should take the lead in APEC, even at the expense of reminding members why they got together in the first place.

NTT Negotiating Tie-Up With British Firm

*OW2202122295 Tokyo KYODO in English 0735 GMT
22 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—Nippon Telegraph and Telephone Corp. (NTT) is considering forming a tie-up with Cable and Wireless PLC of Britain in the personal handy-phone system (PHS) business, NTT President Masashi Kojima said Wednesday [22 February].

NTT will announce the linkup "in the not-so-distant future," Kojima told a news conference.

"The two parties are in negotiations to forge a strategy for PHS business in Japan," Kojima said.

PHS is a wireless communications device categorized somewhere between a cellular phone and a cordless telephone.

The system costs far less than a cellular phone but is similar in that it is used outdoors.

NTT will begin PHS services in July through a subsidiary, NTT Central Personal Communications Network Inc.

Kojima did not reveal specifics of the partnership with the British firm. "The announcement could come within this week at the earliest," he said.

Kojima said NTT is considering revising the overall pricing framework within this fiscal year for its circuits leased to corporations.

Revenues from intracity leased-circuit services have fallen below costs while those from long-term services have been profitable, Kojima said.

"A step to rebalance the gap is necessary within this year," he said.

Kojima said PHS business will be "lucrative" in view of inexpensive charges for subscribers.

"Companies in charge of software development and equipment manufacturers will reap a handsome amount of profit in the business," he said.

"That's why many foreign companies are eyeing entry into the area in earnest," Kojima said, noting the growth potential of the business will become larger if its technology is introduced abroad.

Last summer, the Posts and Telecommunications Ministry issued a pricing guideline for PHS, which called for curbing basic monthly charges to less than 3,000 yen and calling rates to 30 to 50 yen per three minutes.

Even if charges are doubled from the recommended levels, they are still more reasonable than rates charged for a cellular phone, Kojima said.

Firms To Participate in PRC Industrial Project

*OW2202120195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 20 Feb 95 Morning Edition p 1*

[By correspondent Hiroshi Kashiwara]

[FBIS Translated Text] Singapore, 19 February—Japanese companies plan to participate in the development of the Suzhou Industrial Park, a large-scale project promoted in a Chinese coastal region by China and Singapore. Mitsui & Co., Ltd. and Mitsubishi Corporation are expected to join the project by taking out capital stakes in Singapore firms investing in the project. The Industrial Bank of Japan [IBJ] will also cooperate in the project by providing Japanese companies hoping to make inroads into China with necessary information and loans. Under this project, an area of 70 square kilometers will be developed. The cost for the development is estimated at 2 trillion yen. Japanese firms' objective in joining the project is to increase their chances of receiving orders related to participation in projects to establish social infrastructure in industrial parks.

China and Singapore began the creation of infrastructure last year. They are to complete the development of the first district, an area of 2 square kilometers, in May. Also, Singapore's know-how in attracting multinational corporations will be transferred to Suzhou. The first stage of the project, in which an area of 15 square kilometers will be developed, will be completed by 1999. It is expected to take about 20 years to finish the fourth and last stage of the project.

The project is being promoted under a China-Singapore joint venture named "China-Singapore Suzhou Industrial Park Development" (CSSD, which has capital of \$50 million). The company was established with China and Singapore investing 65 percent and 35 percent, respectively.

Singapore invested in the CSSD through "Singapore Suzhou Township Development (SST)," a consortium founded by 19 Singapore companies, including government-affiliated Keppel [name as published], each of which holds a share (worth \$10 million) in the SSTD.

According to Chan Susen [name as published], a CSSD chief executive officer, the IBJ and two other Japanese firms expressed their willingness to participate in the project in writing in November. Mitsui and Mitsubishi also indicated that they might invest in the SSTD. Chan said that Mitsui and Mitsubishi had almost completed their feasibility studies, and "we are expecting a positive response from them." (According to an official at a Japanese company), "Mitsui and Mitsubishi plan to hold a share jointly in the SSTD."

The IBJ will not become a shareholder, but will provide Japanese firms with necessary information and loans. The bank is also expected to join in the provision of funds for the creation of infrastructure, although it has not signed a special agreement such as an advisory contract with the CSSD. Orders for such large-scale infrastructure as electric power plants, which will be introduced one after another from now on, are expected to be given preferentially to companies which hold shares in the CSSD.

Guilty Verdicts Upheld in Lockheed Scandal

OW2202075495 Tokyo KYODO in English 0701 GMT 22 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—The Supreme Court, upholding lower court rulings, found two key figures in the Lockheed payoffs scandal guilty Wednesday [22 February], capping 19 years of debate over former Prime Minister Kakuei Tanaka's role in the scandal.

The top court's ruling finalized a two years and half prison sentence against Hiro Hiyama, a former chairman of Marubeni Corp., a giant trading company, and a one-year prison sentence, suspended for three years, against Toshio Enomoto, a former secretary to Tanaka.

Tanaka died in 1993. He had appealed lower court rulings of four years in prison and a 500 million yen penalty for accepting a 500 million yen bribe.

The three were among 16 people who were convicted by lower courts, including the Tokyo High Court's 1987 ruling against Hiyama and Enomoto.

Hiyama was president of Marubeni Corp. while Enomoto was secretary to Tanaka when Marubeni acted as a sales agent for Lockheed in 1972.

But the Supreme Court ruled that it cannot accept as evidence foreign depositions with a waiver. But otherwise the nation's top court accepted other evidence in the case, which broke into the open in February 1976.

The most celebrated political scandal in Japan's postwar history was first brought to court in 1976 after it was disclosed through the testimony of A. Carl Kotchian, former Lockheed vice chairman, in the U.S. Senate.

According to testimony, Kotchian, then Lockheed president, conspired with Hiyama and other Marubeni executives to bribe Tanaka in 1972.

Lockheed paid bribes to Japanese politicians and business executives, including 500 million yen to Tanaka, in a deal to sell its tristar jetliners to All Nippon Airways (ANA), the testimony showed.

The 16 suspects were indicted in 1976, and the last remaining case in the scandal was the appeal to the Supreme Court lodged by Hiyama and Enomoto under the so-called Marubeni route Lockheed trial.

Tanaka joined the two defendants, but the Supreme Court dropped his case upon his death in December 1993.

Politicians Vow Reform

OW2202144295 Tokyo KYODO in English 1406 GMT 22 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—Politicians vowed to continue pursuing electoral and other reforms aimed at cleaning up Japan's murky political practices in response to a final ruling delivered Wednesday [22 February] on the 19-year-old Lockheed payoff scandal.

"Politicians must straighten up," Prime Minister Tomichi Murayama said, noting that he took the Supreme Court ruling solemnly.

The court rejected an appeal by two remaining defendants in the gravest political scandal in Japan's postwar history.

The top court supported lower court rulings that late Prime Minister Kakuei Tanaka had accepted bribes indirectly from Lockheed Corp. to persuade all Nippon Airways to purchase the U.S. aircraft maker's tristar jetliners.

Stressing the need for transparent political funds, Murayama of the Social Democratic Party (SDP) [of Japan—SDPJ] said, "naturally we must clean up the flow of money... as with the moves now to abolish corporate donations in five years."

The scandal prompted politicians nearly 20 years ago to start dealing seriously with corruption.

But illicit links between business and politics remained, and Tanaka kept power as a "shadow shogun" until he was incapacitated by stroke in 1985 despite having resigned as prime minister in 1974 amid accusations of corruption.

Many of Tanaka's allies still occupy top posts in both the ruling coalition and opposition parties.

Liberal Democratic Party (LDP) President Yohei Kono said, "I took (the ruling) quite emotionally as the case had a great impact on my political career."

"Through political reform, we must restore the public's respect in politics," said Kono, also foreign minister.

Satsuki Eda, head of publicity for Shinshinto (New Frontier Party), the largest opposition party, said the ruling on the illicit "triangle of politics, business and bureaucracy" must be taken very seriously.

"We will accomplish political reform under the new election system," he said.

Asked about two Shinshinto officials, Ichiro Ozawa and Ttutomu Hata, who had belonged to the now-defunct Tanaka faction of the LDP, Eda said they split from the LDP to pull out of the "conventional structure" and work for political realignment and the formation of a new party.

"Former Tanaka-faction people are more determined than anyone to stem political corruption," Eda said.

Urging political reform through abolition of corporate and group donations, Wataru Kubo, secretary general of the SDP, said Tanaka was "gravely responsible for deepening public distrust of politics."

Osaka Governor Abandons Bid for 2d Term

OW2202073695 Tokyo KYODO in English 0647 GMT
22 Feb 95

[FBIS Transcribed Text] Osaka, Feb. 22 KYODO—Osaka Gov. Kazuo Nakagawa announced Wednesday [22 February] he will not run for a second four-year term because of "trouble" arising from activities of his supporters.

Nakagawa announced his decision at a meeting of senior members of the prefectural assembly.

"I have caused a lot of trouble for citizens of the prefecture with a problem of my support group," he said, according to assembly members who attended the meeting.

The 68-year-old Nakagawa has been urged by Liberal Democratic Party (LDP) assembly members to abandon his bid for a second term after the former chief accountant of a Nakagawa support group was given a suspended sentence last week for underreporting political donations received by the governor in 1992.

Three former senior prefectural officials who were working for the support group were arrested last November on suspicion of violating the Political Funds Control Law.

One of them, Junichi Fukuda, chief accountant of the group, was indicted on charges of reporting to authorities that the group received about 40 million yen from business companies in 1992 in support of Nakagawa's election campaign, instead of the some 130 million yen it actually collected. Fukuda was found guilty and received a suspended jail term.

Nakagawa previously said he would run for a second four-year term in the gubernatorial election scheduled for April, despite the scandal.

His reelection plan was initially supported by every big party except the Japanese Communist Party, but most suspended their backing after the political funding scandal broke out last fall.

LDP lawmakers from Osaka Prefecture also agreed in a meeting last week that they should find another candidate for the upcoming election rather than endorse Nakagawa.

Nakagawa was elected as Osaka governor in April 1991, after serving as a vice governor.

On the day after the Jan. 17 earthquake that devastated Kobe, near Osaka, Nakagawa criticized people in the quake-hit area for not doing more to help themselves.

"They should do whatever they can for themselves. They think they can all be helped by others," he told a meeting of the Osaka Prefectural Government's Special Relief Task Force.

People affected by the quake "should cook food for themselves but lack the will to do so," Nakagawa reportedly said at the meeting.

Politics Within Ruling Coalition Camp Analyzed

OW2202054195 Tokyo TOKYO SHIMBUN
in Japanese 19 Feb 95 Morning Edition p 2

[From the "Scope: '95 Political Situation" column by reporter Kengo Suganuma: "'Pro-Takemura' Versus 'Anti-Takemura'—Administrative Reform Discord Incites Ruling Coalition Parties To Consider Post-Murayama Situation"]

[FBIS Translated Text] More and more the ruling coalition parties are looking ahead to the "post-Murayama" political situation. A classic example of this is the discord over administrative reform, the most important task the administration of Prime Minister Tomiichi Murayama has to deal with.

It is, essentially, a conflict between "pro-Takemura" and "anti-Takemura" groups based on their "relationship" with Finance Minister Masayoshi Takemura, the chairman of Sakigake [Harbinger]. As a result of his efforts to try to keep the Murayama administration intact, there seems little possibility of the conflict intensifying further. However, it shows that the Murayama administration exists in a "period of transition" in which political realignment is continuing.

Political Ambitions

Minister of International Trade and Industry [MITI] Ryutaro Hashimoto recently spoke to a senior Liberal Democratic Party [LDP] official with whom he is closely associated.

He said: "The finance minister's political ambitions are beginning to fire up as he turns his attention to the post-Murayama situation. That is outrageous."

During the life of the coalition, Takemura and his followers have served as the "glue" to keep the LDP and the Social Democratic Party of Japan [SDPJ] together. Recently, however, they decided to set up the "SDPJ-Sakigake Council," a liaison body to discuss policy matters, citing as justification for this move, the need to create a "third political axis."

Takemura has no intentions for his party to immediately form a parliamentary floor group with the SDPJ, nor team up with it. However, it may be safe to assume that he is figuring on expanding the political foundation of his party by solidifying its relationship with the SDPJ so that he may be in control of the next phase of political realignment.

Quite often, information leaks, in a maneuver known as former Prime Minister Noboru Takeshita's "scenario," spread through Nagata-cho [a district in Tokyo where the government and Diet buildings are located]. Takemura's name is always mentioned in them, cited as a likely successor to Murayama. The reason for this is that the LDP has determined that the time is not yet ripe for the party to come up with a prime ministerial candidate.

Struggle for Leadership

However, it is also certain that beneath the surface, calls are growing stronger within the LDP to have someone from the party as the next prime minister.

What underlies this is the LDP's resentment against Takemura for becoming the "most successful" of the LDP deserters, as well as the "confidence" his party has regained by making a come back as the key component of the current ruling coalition alliance. The resentment has surfaced in the form of "Takemura bashing" over the issue of consolidating and abolishing government-affiliated financial institutions.

LDP executive officials, including Koichi Kato, chairman of the party's Policy Research Council, came up with a proposal which Takemura could hardly accept; that is, merging the Japan Development Bank and the Import-Export Bank of Japan, both of which are under the Finance Ministry's jurisdiction. They tried to push Takemura into a corner, saying: "Unless this is carried out, the government's administrative reform program will be without a centerpiece."

In reaction, Takemura countered with a proposal to consolidate the People's Finance Corporation and other financial institutions, a plan that the LDP wants to avoid. MITI Minister Hashimoto then led another round of "Takemura bashing." The decision on this issue was eventually postponed. However, Kato and other LDP officials plan to continue to focus their aims on consolidating government-affiliated financial institutions under the Finance Ministry's jurisdiction.

Meanwhile, Takemura attended a meeting of ruling coalition party heads on the evening of 14 February and checked LDP moves, saying: "I am not a member of the LDP. I think it quite improper for the LDP to tell a cabinet minister from another political party to 'get on with your work'."

It seems, therefore, that the "tug-of-war" will continue for some time between the LDP and Takemura, who asks "whose role should it be to promote" administrative reform, the most important task of the Murayama administration as well as a long-standing political task.

Emotions Determine the Future

When Takemura was chief cabinet secretary during the administration of former Prime Minister Morihiro Hosokawa, he managed to persuade "anti-Ozawa" forces to become his "allies" by confronting (then) Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa, who was the most powerful among the politicians in the

ruling coalition parties at the time. It may be that Takemura once again thought that he could use confrontation to elevate his stature, this time taking on the LDP leaders.

However, senior SDPJ officials, who were completely "ignored" in the LDP-Sakigake confrontations, are beginning to make "critical remarks of Takemura." They are saying, for example: "In the end, the prime minister got the worst of the deal. We are beginning to feel apprehensive about Mr. Takemura."

The fact that Sakigake decided which candidate it would endorse in the gubernatorial election in Mie Prefecture in such a manner that the prime minister's intentions were ignored, further encouraged "distrust of Takemura" within the SDPJ. At the party's Central Executive Committee meeting on 16 February, one member said: "Mr. Takemura is a balkanizing politician." SDPJ Secretary General Wataru Kubo agreed, saying: "I don't like it either."

For the SDPJ, however, Sakigake still remains its most likely partner if it wants to create a "third political axis," and there are many younger generation SDPJ members who sympathize with Takemura. The LDP, for its part, also feels that even though it has determined that "Mr. Takemura will never join hands with the New Frontier Party [NFP]" (according to a senior LDP official), the party would lose everything if it antagonized Takemura by overly criticizing him.

It is this complicated balance of power between "pro-Takemura" and "anti-Takemura" groups that has enabled the LDP, SDPJ, and Sakigake to maintain their unity. However, it is possible that the current equilibrium could be disrupted depending on the course of future NFP maneuverings and the planned creation of a new party by Sadao Yamahana, leader of the SDPJ's rebel New Democratic League group.

At Nagata-cho, politicians' "emotions" sometimes determine which direction the political situation will turn. This means it is even more difficult to predict what "dramatic" turn events might take in the future.

Reports Reflect Current State of Economy

BOJ Report: Recovery Continues

OW2102124995 Tokyo KYODO in English 1239 GMT
21 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—The Japanese economy is continuing to recover gradually despite the Jan. 17 great Hanshin earthquake, the Bank of Japan (BOJ) said in a monthly report released Tuesday [21 February].

The earthquake has produced no developments that indicate changes in the trend toward economic recovery, the central bank said in the report for February reviewing the nation's monetary and economic trends.

Capital spending is picking up, the report said, showing a more positive view on plant and equipment investment

than before, and personal consumption and industrial production are showing upward trends.

With regard to the effects of the earthquake, the report said sales at department stores and supermarkets are falling even in areas unaffected by the quake.

But production and sales have started showing signs of improvement since the start of February, it said.

There are no quake-induced effects serious enough to change the scenario for the economic recovery, it added.

Matsushita on Moderate Recovery

*OW2202095495 Tokyo KYODO in English 0859 GMT
22 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—Bank of Japan (BOJ) Governor Yasuo Matsushita said Wednesday [22 February] the central bank's view that the economy is on a moderate recovery path remains unchanged despite the Jan. 17 great Hanshin earthquake.

Matsushita said at a press conference, "our judgment is basically unchanged from a month earlier and I don't think the energy of the economic recovery will be broken off by the quake."

Although all factors for a final judgment are not yet clear, overall production is getting back to the level before the quake and private consumption remains on a recovery trend as a whole, Matsushita said.

Asked about monetary policy, Matsushita said the BOJ will continue a careful watch on economic and financial developments, including the effects of the Jan. 17 quake.

Matsushita supported a scheme to set up a new bank to take over two financially troubled credit unions, saying, "I don't think it necessary to review the scheme."

On the impact of the quake on the economy, Matsushita said although quake-hit areas in western Japan suffered great damage and enormous reconstruction efforts will be needed, the nation's economy has enough power to overcome the disaster's aftermath.

Production, which once came to a standstill not only in the quake-stricken areas but also other regions, is recovering through promotion of substitute manufacturing, Matsushita said.

Matsushita noted, however, there are some small companies in quake-hit Kobe and vicinity that are still suffering.

Although retail sales dropped and many travel reservations were canceled after the quake as people around Japan refrained from buying and spending on entertainment, individual spending has almost recovered in February except for the quake-hit areas, Matsushita said.

Exports, however, have declined remarkably because Kobe Port, one of the nation's major exporting ports, sustained heavy damage in the quake, Matsushita said.

Although Osaka and Yokohama Ports have taken over Kobe Port functions, Matsushita wondered whether the substitute

shipments can make up for the January drop in exports during the current January-March quarter.

As a whole, however, growing moves for reconstruction will finally activate the nation's economy, Matsushita said.

It is premature to discuss long-term interest rates as fund demand for reconstruction-related spending has not yet grown and it is still difficult to read effects of the quake on the financial markets, Matsushita said.

The central bank will make efforts for stable market sentiment by closely watching economic conditions and market situations, he said.

Asked about a possibility that the Tokyo Metropolitan Assembly may deny putting up 30 billion yen for Tokyo Kyodou Bank to absorb two ailing credit unions, Matsushita said the metropolitan government's financial support is a key to the scheme which was originated at the request of the metro government.

"I am confident that the scheme will be realized," Matsushita said.

Matsushita underscored the need for the government to reinforce its supervising powers of lax management by financial institutions.

He justified the present supervising system of prefectural governments basically overseeing business operations of credit associations.

"But there is room to discuss a review of the system in the division of role between local governments and the national government," Matsushita said.

Credit unions and parts of labor banks are under supervision of prefectural governments, while major commercial banks called "city banks" are under control of the Finance Ministry.

Matsushita supported inspection being made on the two ailing credit unions by the Tokyo Metropolitan Government.

"The metropolitan government did all it could do under the current system," the governor said.

He explained that the government responded promptly following the disclosure of the two credit unions' financial seriousness in 1993.

The metropolitan government first explored ways to reconstruct the banks through their own efforts, he said. "The problem was that steps taken for the credit unions did not produce the intended results."

On the revision of a BOJ law provision that was used to justify the latest rescue scheme for the two credit unions, Matsushita said comprehensive discussions should be held.

Discussing the BOJ law revision as an isolated issue for the provision in question does not mean much, he said.

"The law should be reviewed with consideration given to such broad areas as the central bank's overall financial policy and the link between the national government and the private sector," he said.

Article 25 of the BOJ law permits use of public funds to rescue struggling financial institutions.

On the yen's renewed surge against the dollar, Matsushita said he will watch upcoming developments with "attention."

But he declined to comment further, explaining his remarks would produce unexpected effects on the currency markets.

The dollar slipped below 97 yen Monday for the first time since early November last year.

Turning back to the disposal of the effectively bankrupt credit unions, Tokyo Kyowa Credit Association and Anzen Credit Bank, Matsushita said their former board members cannot escape responsibility for their lax management.

Matsushita said, however, asking them to take responsibility for reckless management is different from maintaining stable financial systems.

"It's not a rescue of the credit unions," Matsushita repeated.

Matsushita said it is possible for the newly established Tokyo Kyodou Bank to smoothly operate its business as a ordinary financial institution.

'Kinki Region' Worries EPA

*OW2102133295 Tokyo KYODO in English 1308 GMT
21 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—The state of economic activity, particularly production, in the Kinki region is worrisome due to damage from the Jan. 17 great Hanshin earthquake, the Economic Planning Agency (EPA) said Tuesday [21 February].

However, the agency said that the economic climate in all regions of Japan remains in a gradual recovery trend.

The quake's adverse effects are still under evaluation, but the effects on production, distribution and consumption in the Kinki region are of concern, the agency said in its bimonthly report on regional economic sentiment.

The Kinki region comprises seven prefectures including Osaka, Kyoto and Hyogo. Hyogo Prefecture embraces Kobe, the area hardest hit by the quake.

The agency said the quake disrupted various industrial activities by damaging production facilities and halting supplies in the region.

Effects are feared on distribution, particularly of industrial supplies, due to damage to roads and port facilities, it said, adding similar fears on consumption as many large-scale retailers in the region sustained damage.

An agency official said, "at present, there are no serious effects from the quake sufficient to change the economic climate in each region."

Steel Industry Optimistic

*OW2002090195 Tokyo KYODO in English 0828 GMT
20 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO—The rebuilding of the quake-stricken area in western Japan will boost annual demand for steel materials by 3 million tons over the next two years, a steel industry leader said Monday [20 February].

Hiroshi Saito, chairman of the Japan Iron and Steel Federation, estimated annual steel demand in fiscal 1995 and 1996 at 105 million tons.

Japan's crude steel output in fiscal 1994, ending next March 31, is estimated at 102 million tons, he said.

Domestic steelmakers will be able to meet the growing demand resulting from reconstruction of the quake-stricken area centering on the port city of Kobe, he said.

Saito, who is also chairman of the world's top steelmaker Nippon Steel Corp., said the quake inflicted severe damage on production facilities of Kobe Steel Ltd., where production dropped about 580,000 tons from the normal level following the quake.

The ravage affected production of specialty steel materials for the automobile industry, and other steelmakers have taken over from Kobe Steel to supply these materials to automakers, he said.

No complaints have been received from automakers at home or overseas about the problem, he said.

Keidanren To Compile Economic Vision for 2000

*OW2102034095 Tokyo MAINICHI SHIMBUN
in Japanese 19 Feb 95 Morning Edition p 9*

[FBIS Translated Text] Keidanren [Federation of Economic Organizations of Japan] revealed on 18 February that it has started work to compile a new vision for Japan's economy. This is because with the era of uninterrupted economic growth coming to an end, and as the economy faces the process of the structural reform entailed by industrial hollowing out and deregulation, the entire industrial sector is plagued by a heightened sense of crisis due to the unpredictability of the future. Psychological insecurity brought about by the great Hanshin earthquake has also aggravated this feeling. Keidanren plans to compile the private sector's version of an interindustry relations table for the year 2000 by the end of this year.

Nikkeiren [Federation of Employers Associations] and Rengo [Japanese Trade Union Confederation] have also joined hands in organizing a study group to analyze labor mobility toward growth industries. The outcome of these studies will form the basis of their policy lobbying of the government, and it will help clarify the vision for the future of Japan.

The acceleration in efforts to move production bases overseas due to the appreciation of the yen, and the anticipated effects of the five-year program to promote deregulation

starting in FY 1995 have made predicting domestic production and labor trends extremely difficult. Particularly with regard to industrial hollowing out, there are growing concerns that "the term itself has come to have a life of its own, and this is giving rise to cautiousness in capital investment." Keidanren decided at a meeting of its chairman and vice chairmen in January to compile a vision of Japan's economy in the year 2000, taking into account future trends in the foreign exchange market and the overseas transfer [of production capability], and the resulting surplus in domestic production and manpower.

Keidanren has completed individual hearings from 19 industrial sectors, including the automobile, steel, home electric appliance, textile, distribution, and banking industries, on projections for demand and employment in the next five years. It will now proceed to compile a concrete vision using the analytical model of the Industrial Bank of Japan.

In the past, Keidanren had at times compiled macroeconomic visions for each industrial sector or had collated projections made by individual industries. The new vision will be unique in that it will reflect Keidanren's analysis of interindustry relations. For example, it will analyze the effects on materials industries—such as steel making—of moving automakers' manufacturing plants overseas; on demand and supply and employment in the plant industry, which produces manufacturing facilities; as well as on the people's livelihood as a whole. The overall picture will be illustrated by statistical data. It is said that "this is the first-ever attempt by Keidanren, which is being driven by a sense of crisis."

The government is also in the process of compiling a forecast of the growth sectors in 2010. One of the reasons for Keidanren's separate effort is that the government forecast is seen to be unrealistic. Its economic vision is expected to create a stir in the quarters concerned.

North Korea

Groups Urge ROK Counterparts To Have Contacts

SK2102232495 *Pyongyang KCNA in English*
2216 GMT 21 Feb 95

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—A joint meeting of political parties and organizations of the Democratic People's Republic of Korea held on Jan. 24 proposed that the Koreans in the North, the South and overseas jointly celebrate the 50th anniversary of national liberation and hold a grand national conference on that occasion to discuss and define the nation's common way of reunification.

In connection with this important proposal, public organizations of the DPRK sent letters to their South Korean counterparts today.

Choe Yong-sam, first vice-chairman of the Central Committee of the Korean Journalists Union, sent a letter to Chong Tong-ik, chairman of the Council of the Democratic

Press Movement; Kim Pyong-hun, chairman of the Central Committee of the Korean Writers' Union, to Song Ki-suk, chairman of the Council of Writers of National Literature, and most venerable Pak Tae-ho, chairman of the Central Committee of the Korean Buddhists Federation, to venerable Pak Chin-kwan, chairman of the Buddhist Human Rights Committee.

The letters propose that representatives of organizations of the North and the South have contacts at an early date to discuss matters for a successful grand reunification festival, saying: "When we fellow countrymen sit together and share the joy of the liberation day and define the path of the nation, reflecting our general will, it will mean a new start for national unity and reunification."

They express the hope that the representatives of South Korean organizations will show a positive response.

Peace Group Proposes Contact

SK2102233095 *Pyongyang KCNA in English*
2212 GMT 21 Feb 95

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—Kim Yong-sun, chairman of the Korean Asia-Pacific Peace Committee, today sent a letter to Kim Tae-chung, chairman of South Korea's Peace Foundation for Asia-Pacific region, concerning the proposal put forward at a joint meeting of political parties and organizations of the Democratic People's Republic of Korea on January 24 for a joint celebration of the 50th anniversary of national liberation by compatriots in the North, the South and overseas and the convocation of a grand national conference for discussing and deciding on a way of reunification common to the nation.

The letter says:

The DPRK's proposal is aimed at opening a new phase in the solution to the reunification question on the occasion of August 15 this year marking the 50th anniversary of national liberation and the lapse of 50 years since national division. So, I think that it fully accords with the ardent desire of the Korean people who have lived in a constant danger of war over the past five decades since the country was divided and with the idea of your foundation seeking the realization of this desire.

The letter continues:

Conveying the appeal of the joint meeting to you, I courteously suggest that representatives of our committee and your foundation meet with each other and exchange views in a straightforward manner at an early date.

I consider that Panmunjom, Pyongyang, Seoul or a third country is available for the meeting.

I believe that you will understand our sincerity and show a positive response to our proposal for making a breakthrough this year in achieving national reunification in the '90s at any cost.

ROK Takes 'Firing Posture' Along DMZ 20 Feb*SK2202050795 Pyongyang KCNA in English
0502 GMT 22 Feb 95*

["Military Provocations Committed by South Korean Puppets"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The South Korean puppets brought recoilless guns and 12.7 mm machineguns into the Demilitarized Zone of the western and central sectors of the front and took a firing posture on February 20, threatening the safety of People's Army soldiers of the North side, according to military sources.

If they continue coiling up tensions in the DMZ, ignoring the repeated warnings of the North, they will have to pay dearly for this.

Kim Yong-sam's Remarks on Defense Criticized*SK2202045895 Pyongyang KCNA in English
0449 GMT 22 Feb 95*

["S. Korean Puppets' Bellicose 'Order'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The traitor Kim Yong-sam of South Korea on February 20 made an "inspection" of the puppet defence ministry and issued a bellicose "order to keep a flawless security posture," according to a radio report from Seoul.

This military move came at a time when the South Korean puppets are intentionally laying obstacles to the implementation of the framework agreement between the Democratic People's Republic of Korea and the United States over the provision of light water reactors.

This clearly indicates that the Kim Yong-sam group is seeking to obstruct the implementation of the agreement at any cost, deteriorate inter-Korean relations and increase the tension in the Korean peninsula.

The traitor Kim Yong-sam charged the North with the fictitious "military exercises" and "arms buildup." This groundless charge against us who love peace reminds one of a thief crying "stop thief!"

What is more serious is that the South Korean bellicose elements are now working out another plan for invading the North, that is South Korea-U.S. "joint operational plan 5028," by revising and supplementing their "new operational plan 5027" against the North.

This fully shows how desperately the Kim Yong-sam group is trying to bring a war disaster to the nation.

The group engaging itself in North-South confrontation and war moves will face a stern judgement by the nation.

'Security Posture' Call Denounced*SK2202101095 Pyongyang KCNA in English
1003 GMT 22 Feb 95*

["NODONG SINMUN Flails Anti-National Utterances of Traitor Kim Yong-sam"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The traitor Kim Yong-sam called at the puppet ministry of national defence to hear "a report" on its work for this year. There he "ordered" that "a perfect security posture should be maintained," raising outcries over the "arms buildup" of the North.

Commenting on this, a NODONG SINMUN analyst today says:

Even though those who are accustomed to reverse black and white, antagonizing fellow countrymen, wag their tongues against the North, they only invite the derision of people.

The coarse invectives of traitor Kim Yong-sam against the North are designed to turn the situation on the Korean peninsula back to tensions at a time when there are signs of detente with the implementation of the DPRK-U.S. framework agreement.

The Kim Yong-sam traitor clique is now clinging to the sleeves of outside forces to stage at any cost the "Team Spirit" nuclear war exercises for a surprise invasion of the North, while rendering the situation on the Korean peninsula strained. The outcries of the Kim Yong-sam puppet clique over the "arms buildup" and "provocations" by the North are intended to aggravate the situation and attain their sinister purpose, come what may. They also foolishly seek in this to divert elsewhere the popular sentiments running to the North by slandering the North which is making every sincere effort for national reconciliation and unity.

No matter what desperate efforts the traitorous Kim Yong-sam clique may make, they cannot bar the grand march of the nation for peaceful reunification in the 90s.

Kim Yong-sam's Use of 'Outside Forces' Decried*SK2202101695 Pyongyang KCNA in English
1010 GMT 22 Feb 95*

["Treacherous Crimes Cannot Be Pardoned"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—One of the most heinous crimes committed by the traitor Kim Yong-sam after he took office under the "civilian" veil is that he has tried to make scapegoats out of the fellow countrymen by tailing behind outside forces.

Throwing a revealing light on his anti-national crimes, a NODONG SINMUN analyst today says:

The Kim Yong-sam group entreated outside forces not to promote the talks between the Democratic People's Republic of Korea and the United States, bringing forward the "nuclear issue" of the North. As if it were not enough, they set afloat the preposterous rumour that "the North possesses five nuclear bombs". It is none other than the traitor Kim Yong-sam who asked his masters to impose "substantial sanctions" upon the North and "give the North a sound thrashing". Such acts of the Kim Yong-sam group can be committed only by a crazy flunkeyist traitor, a rare

traitor, who takes no account of the country and the nation and wants neither peace nor reunification.

The traitor Kim Yong-sam committed heinous crimes by reducing South Korea to a colony and military base of outside forces and their military espionage base and selling even the rice market to them. And he has turned South Korea into an exhibition site of conventional and sophisticated weapons of outside forces by flinging open the door of the arms market.

He pardoned the past crimes of Japan in her aggression on Korea and in the issue of "comfort women for the army", supported Japan's scheme to become a permanent member of the Security Council of the United Nations, lifted the ban on the import of Japanese products and allowed the infiltration of the corrupted Japanese culture. In this way, he flung open the door to Japan for her reinvasion of South Korea in the economy and culture.

The Kim Yong-sam group is now seeking greater dependence upon the outside forces in the hectic "globalisation" campaign following the "internationalisation" campaign of last year.

The "globalisation" move of the puppets is another unpardonable anti-national crime intended to increase South Korea's dependence upon the outside forces in all the political, economic, cultural and military fields and remove the homogeneous national characteristics of the Tangun nation which has a long history.

The Kim Yong-sam group has no room to remain within the nation for the crimes it has already committed.

ROK Seeks 'Political Domination' Through Loans

*SK2202103295 Pyongyang KCNA in English
1020 GMT 22 Feb 95*

["Imperialists' 'Aid' Contains Poison"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The imperialists, styling themselves "helpers" and "philanthropists," claim that they are doing "charitable and well-meant things" for other countries and nations. But this is hypocrisy.

NODONG SINMUN today says this in a by-lined article.

Their "aid" is, to all intents and purposes, a means of realising their predatory and dominationist designs, the article says, and continues:

"Loans," "joint development" and "putting off debt service limit" advertised by them are, in actuality, aimed at exploitation and plunder. By means of "financial aid" such as "loans", they saddle developing nations with heavy debts and batten by taking from them a fabulous amount of resources and fruits of labour in exchange. The staggering amount of debts of developing nations are a product of the imperialists' looting.

The imperialists seek not only economic subjugation but also political domination of other nations through "aid." Some Western countries unhesitatingly freeze "aid" and

resort to economic blockade against developing nations, if the latter refuse to accept their unreasonable demand.

They set the introduction of the "multi-party system" as a precondition for "aid" and try to force unjustifiable demand on other nations by raising the "human rights problem."

Availing themselves of the political and economic confusion in those countries which introduced the "multi-party system", the imperialists interfere in their internal affairs and try to leave them no alternative but to cringe before them for survival.

The imperialists can never be philanthropists and they never do "well-meant and charitable things" for others. To expect "good intentions" from them is an unscientific illusion.

U.S.-ROK Exercise Said 'Military Pressure'

*SK2202051695 Pyongyang Korean Central
Broadcasting Network in Korean 1222 GMT 21 Feb 95*

[Commentary by Chong Pong-kil: "Reckless Commotions of Playing With Fire"]

[FBIS Translated Text] The United States and the South Korean puppets have been more frantically perpetrating reckless commotions of playing with fire against us recently.

According to a military source, on 17 and 18 February, the U.S. imperialist warmongers and the South Korean puppets staged a night-and-day aerial joint military exercise aimed at launching northward aggression in the skies over various areas of South Korea. Approximately 740 fighters, assault planes, observation planes, and reconnaissance planes were mobilized in this war exercise.

On 16 February, approximately 10 observation planes of various types flew in the skies over the Military Demarcation Line night and day and viciously perpetrated extensive espionage at our strategic areas and underwater in the East and West Sea. In addition, the South Korean puppets are frantically staging large-scale war exercises against us in the frontline, burning forests in our side's area on a practically daily basis by launching an attack with fire inside the DMZ along the Military Demarcation Line, and endlessly perpetrating adventurous military provocations.

The commotions of playing with fire, which the U.S. imperialists and the South Korean puppets have perpetrated almost daily, are very provocative, deliberate, and adventurous [kukhui tobal chok songgyogulttin uidojogigo mohomjogin] considering how and why they were committed. Needless to say, these commotions of playing with fire are premeditated maneuvers to deliberately intensify the situation on the Korean peninsula. As everyone knows, the DPRK and the United States have been implementing the agreed framework. If the DPRK-U.S. agreed framework is implemented successfully, the nuclear problem will be solved fundamentally on the Korean peninsula, and a momentous change will take place in improving DPRK-U.S. relations. This will then open a decisively favorable

phase in easing the situation on the Korean peninsula and achieving the fatherland's reunification.

It is clear to anyone that if the DPRK-U.S. agreed framework is to be implemented successfully, a favorable environment must be provided. In particular, the sides must refrain from taking military action which will incite the other side. Nevertheless, the United States and the South Korean puppets are more persistently perpetrating adventurous commotions of inciting us by playing with fire. What does this mean? This is military pressure and provocation against us.

We cannot help but doubt the United States' will to implement the DPRK-U.S. agreed framework. As has already been reported, U.S. Secretary of State Christopher gave a joint news conference with the puppet South Korean foreign minister a while ago. He raved as if resuming North-South dialogue were the most important precondition to implementing the DPRK-U.S. agreed framework. This is extremely unreasonable [chonman pudanghan haengwi imnida].

The DPRK-U.S. agreed framework stipulates that North-South dialogue depends on the promotion of an atmosphere for dialogue. An atmosphere for North-South dialogue has not been promoted even though several months have passed since the DPRK-U.S. agreed framework was adopted. The South Korean puppets are fully responsible.

The South Korean puppets committed an utterly intolerable crime of stabbing their fellow countrymen in their aching hearts. If they truly intend to resume North-South dialogue, they must first apologize for this as a matter of course.

Instead, they are more frantically perpetrating anti-Republic commotions as time goes by. Moreover, instead of abolishing the notorious National Security Law, which defines us as their enemy, they are more viciously enforcing this law. It is clear to anyone that we cannot hold dialogue with these fellows and that no success will be achieved even if we were to have dialogue with them.

Well aware of this, the United States remarks as though resuming North-South dialogue were the most important precondition for implementing the DPRK-U.S. agreed framework. It does so to complicate this matter by attaching a new precondition to the implementation of the DPRK-U.S. agreed framework.

We must view the persistent perpetration of reckless commotions of playing with fire by the United States and the South Korean puppets as moves to impose unjust preconditions with military pressure. However, we have already clearly proven in practice that this method will not work on us.

As we have repeatedly declared, we are ready for both dialogue and war. If the United States and the South Korean puppets continue to apply military pressure and embark on a road of war despite our repeated warnings, this will be an irrecoverable act of self-destruction [manhoe halsu omnun chapok haengwi]. The United States and the South Korean

puppets must correctly realize our consistent and firm will and immediately put a stop to their reckless commotions of playing with fire.

U.S. Business Delegation Leaves Pyongyang

*SK2202135995 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 22 Feb 95*

[FBIS Translated Text] The U.S. business delegation, which was visiting our country, returned home by plane on 22 February.

'Religionists,' Academician Return From U.S.

*SK1602120995 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 12 Feb 95*

[FBIS Translated Text] The DPRK religionists and academician delegation led by Chang Chae-chol, chairman of the DPRK Religionists Association and chairman of the DPRK Roman Catholics Association Central Committee, that went to the United States, returned home by train on 12 February.

Pak Tae-ho, vice chairman of the DPRK Religionists Association and chairman of the DPRK Buddhist Federation Central Committee, was on hand at the Pyongyang Station to welcome the delegation.

Foreign Leaders Express Support for Reunification

*SK2102004195 Pyongyang KCNA in English
2205 GMT 20 Feb 95*

["Korean People's Cause of National Reunification Favoured"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA)—Foreign state and party leaders expressed full support to and solidarity with the Korean people's cause of national reunification, when they recently met the Korean ambassadors to their countries.

Jose Eduardo dos Santos, president of Angola, said the Angolan people will in the future, too, as in the past stand by the Korean people and express full support and solidarity for the struggle of the government and people of Korea to reunify the country on the basis of the principle of independence, peaceful reunification and great national unity.

Yoweri Kaguta Museveni, president of Uganda, said if Korea is reunified, it will have a strong influence on the developments in Asia and the rest of the world, expressing the hope that Korea's reunification will be achieved at an early date.

The Indonesian President, Suharto, hoped that the framework agreement between the DPRK and the U.S. will be smoothly implemented and the reunification of the Korean peninsula achieved at an early date.

Cleopa David Msuya, prime minister and first vice-president of Tanzania, said the Tanzanian Government and people fully support the independent, peaceful reunification

of Korea and hoped that the reunification of Korea will be achieved by confederacy formula in the interests of the Korean people.

Budragchagiyn Dashyondon, general secretary of the Central Committee of the Mongolian People's Revolutionary Party, said Korea achieved signal successes in the building of the economy and the DPRK-U.S. talks under the leadership of respected Comrade Kim Chong-il and expressed the conviction that the Korean people will achieve the reunification of the country without fail, rallied close around him.

Japanese Diet's Opposition to Apology Decried

*SK1802230995 Pyongyang KCNA in English
2216 GMT 18 Feb 95*

[“Militarist Ambition Revealed”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—Some 150 Dietmen of Japan recently claimed that Japan's apology for the past crimes “will lead to a distortion of history” and “sow the seed of misfortune for the future of Japan.”

Denouncing this as a revelation of militarist ambition, a NODONG SINMUN analyst today says:

The collective opposition of Japanese Dietmen to an apology for the past crimes clearly shows what a wrong view and attitude they have toward the history of aggression.

The crimes of Japanese imperialism in its aggression on Korea and other Asian countries were international crimes which have been verified by history and judged by the international court. The Japanese reactionaries, however, are behaving rudely and meanly, reversing black and white. This is because they have the dark intention to repeat the history of aggression.

Their opposition to an apology and compensation for the past crimes and their attempt to realise the militarist ambition they could not do in the past lash the Asian peoples into a fury and place them on the alert.

The reactionary ruling quarters of Japan must stop their despicable acts against ethics and international justice, officially admit the past crimes and apologize and compensate for them at an early date.

Japan's atonement for the past crimes is an unavoidable historical task and a demand of the times.

Leaders at Performance of Art Troupe From Japan

*SK1902092195 Pyongyang KCNA in English
0818 GMT 19 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA)—The Korean art troupe from Japan gave a music and dance performance “Song of Loyalty of 700,000 Koreans in Japan” for guests of honor at the Pyongyang grand theatre on February 18 in celebration of the birthday of the great leader Comrade Kim Chong-il, the most auspicious significant holiday.

Pak Song-chol, Kim Ki-nam, Kim Yong-sun, Chang Chol and other officials concerned and working people and school youth and children in the city saw the performance.

It was appreciated by Chief Vice-chairman Ho Chong-man of the Central Standing Committee of the General Association of Korean Residents in Japan and his party and overseas Koreans staying in the socialist homeland.

The performers put on the stage the dance and poem “Letter of Loyalty From 700,000 Koreans in Japan,” the song and dance “O, Kim Chong-il, Father of 700,000 Koreans in Japan,” the mixed duet “If You Are Always With Us”, the dance “One Loyal Heart” and other numbers.

They described Comrade Kim Chong-il as the most brilliant general in the world possessed of literary and military accomplishments, loyalty and filial piety, the tender-hearted father of the Koreans overseas and a legendary hero who has performed immortal feats for the times and humankind.

Pak Song-chol Meets With Art Troupe From Japan

*SK1802231095 Pyongyang KCNA in English
2221 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—Vice-President Pak Song-chol today met and conversed in an atmosphere of compatriotic feelings with leading members and principal actors and actresses of the Korean Art Troupe From Japan which is visiting the socialist homeland to celebrate the birthday of the great leader Comrade Kim Chong-il.

Present there were Kim Ki-nam, Kim Yong-sun, Chang-chol and other officials concerned.

Chongnyon Publisher Departs Pyongyang

*SK1802121595 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 14 Feb 95*

[FBIS Translated Text] Kim Won-taek, president of the Kuwol Publishing House of the General Association of Korean Residents in Japan [Chongnyon], flew out of Pyongyang on 14 February after winding up his visit to the fatherland. He was seen off at the airport by the functionaries concerned.

Japanese Sports Delegation Departs Pyongyang

*SK1802104495 Pyongyang Korean Central
Broadcasting Network in Korean 1399 GMT 14 Feb 95*

[FBIS Translated Text] The delegation of the New Japan Professional Wrestling Company headed by Kanji Inoki, leader of the Sports Peace Party of Japan, member of the House of Councilors, and president of the company, flew out of Pyongyang on 14 February. The delegation had visited our country in relation to the opening of the Pyongyang International Sports and Culture Festival for peace.

The delegation was seen off at the airport by Yi Chong-hyok, vice chairman of the Korean Asia-Pacific Peace Committee, and Kim Kwan-Chol, head official of the State

Preparatory Committee for the Pyongyang International Sports and Culture Festival for Peace and vice chairman of the State Physical Culture and Sports Committee.

On the evening of 13 February, the Korean Asia-Pacific Peace Committee arranged a banquet for the delegation at the Ongnyugwan.

Chinese Sports Delegation Leaves Pyongyang

SK1802090595 Pyongyang Korean Central

Broadcasting Network in Korean 1300 GMT 14 Feb 95

[FBIS Translated Text] A delegation of the Chinese Physical Culture and Sports Commission led by Minister Wu Shaozu flew out of Pyongyang on 14 February. The delegation was seen off at the airport by Pak Myong-chol, chairman of the State Physical Culture and Sports Committee; and Qiao Zonghuai, Chinese ambassador to our country.

Hwang Chang-yop Meets Russian Maritime Delegates

SK1902082995 Pyongyang KCNA in English

0803 GMT 19 Feb 95

[All Russian names are as received]

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, Saturday met and had a friendly talk with the delegation of the Maritime Territorial Committee of the Communist Party of the Russian Federation led by its First Secretary V.V. Grishukov and the delegation of the Khabarovsk Territorial Committee of the Communist Party of the Russian Federation headed by its Secretary G.V. Zakablukovski.

Present there was vice department director of the Central Committee of the Workers' Party of Korea Pak Kyong-son.

V.V. Grishukov said that they visited Korea to extend their best wishes of longevity to the dear leader Comrade Kim Chong-il and express their reverence for him on his birthday.

"I have had new courage and strength, witnessing the great reality of Korea during my second visit to Korea", he said.

Russian Forestry Delegation Arrives 20 Feb

SK2102012795 Pyongyang KCNA in English

2214 GMT 20 Feb 95

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA)—A Russian Government forestry delegation headed by A. A. Kalin, vice-chairman of the State Committee for Industrial Policy of Russia, arrived here on February 20.

It was met at the airport by Yi Un-sok, vice-minister of forestry, and Russian Ambassador to Korea Yuri Fadeyev.

Visiting Thai Delegation Meets Hwang Chang-yop

SK1602052795 Pyongyang KCNA in English

0453 GMT 16 Feb 95

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA)—A delegation of the Workers' Party of Korea had

talks with a delegation of the Seri Tham [Liberal Righteous] Party of Thailand in Pyongyang February 15.

Present at the talks on the Korean side were secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop, vice department director of the WPK Central Committee Kim Yang-gon and other officials concerned and on the opposite side were the members on the delegation headed by Athit Urairat, leader of the party.

The sides informed each other on their parties' activities and discussed the matter of further developing the friendly relations between the two parties and the two peoples.

The talks took place in a friendly atmosphere.

Hosts Reception at Koryo Hotel

SK1802050795 Pyongyang KCNA in English

0442 GMT 18 Feb 95

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The delegation of the Seritham Party of Thailand headed by its leader Athit Urairat gave a reception at the Pyongyang Koryo Hotel on Friday [17 February] upon the conclusion of its Korea visit.

Present on invitation were Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], Kim Yang-gon, vice-director of a department of the WPK Central Committee, and officials concerned.

Speeches were exchanged at the reception.

Holds Talks With Yi Chong-ok

SK1802044095 Pyongyang KCNA in English

0429 GMT 18 Feb 95

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—Yi Chong-ok, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president, met and had a friendly talk with the delegation of the Seritham Party of Thailand led by its leader Athit Urairat at the Mansudae Assembly Hall on Friday [17 February].

On the occasion the head of the delegation said that through the current visit they learned a lot about the enormous achievements made by the Democratic People's Republic of Korea in improving the people's living and in the education of the youth and children to which it pays a deep attention.

"These achievements are results of the wise leadership of his excellency Kim Chong-il, the supreme leader of the Korean people," he stressed.

"The Korean people are the happiest people who have as their supreme leader his excellency Kim Chong-il who has deepest and sincere love for the people and wisely looks forward to the future of the country and the nation," he said, adding:

"The Korean people deeply respect, follow and uphold their supreme leader. This is an exceptional thing that cannot be seen in any other country of the world."

Touching upon the friendly and cooperative relations between the two parties, two countries and two peoples of Thailand and Korea, he said, "Thailand ardently hopes that these relations will become closer."

Leaves Pyongyang for Home 18 Feb

*SK2102095395 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 18 Feb 95*

[FBIS Translated Text] A delegation of the Liberal Righteous Party of Thailand led by the party leader Athit Urairat returned home by plane on 18 February. Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea; and Kim Yang-kon, a deputy director of the party Central Committee saw the delegation off at the airport.

Chief of Hanminjon in Cuba Holds News Conference

*SK2002045495 Pyongyang KCNA in English
0448 GMT 20 Feb 95*

[FBIS Transcribed Text] Havana, February 17 [date as received] (KCNA)—Pak Kwang-ki, chief of the mission of the South Korean National Democratic Front (Hanminjon) in Cuba, called a press conference on February 13 as regards the step taken by the Hanminjon Central Committee greeting new year 1995.

An information on a plenary meeting of the Hanminjon Central Committee, "1995 Declaration of Reunification and National Salvation" and "Calls of Struggle for 1995" were distributed at the conference.

The chief told reporters:

The first target of reunification and national salvation is to remove a stumbling block in the way of peaceful reunification. Nobody can expect an epochal phase of the peaceful reunification without the removal of the Kim Yong-sam group resorting to fascism, war and division.

The secret of opening a decisive phase for national reunification this year lies in that all parties, groupings and people from all walks of life intensify the all-out movement of reunification, closely united under the banner of the three principles of national reunification and 10-Point Programme of the Great Unity of the Whole Nation.

Hanminjon and patriotic people in South Korea will wage a vigorous struggle to make this year marking the lapse of 50 years since national division a year ushering in a decisive phase of national reunification, deeply cherishing the national pride in holding the great leader Kim Chong-il in high esteem as the centripetal core of the great unity of the whole nation.

Jordanian Party Delegation Attends Performance

*SK1602121695 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 13 Feb 95*

[FBIS Translated Text] The Jordanian Popular Unity Party-the Unionist delegation led by its General Secretary Talal

al-Ramahi watched an overall acrobatic performance at the Pyongyang Acrobatic Theater on the evening of 13 February.

The performance won great admiration from the audience due to its high skill and artistic character.

Leaves Pyongyang for Home 18 Feb

*SK2102095295 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 18 Feb 95*

[FBIS Translated Text] A delegation of the Jordanian Popular Unity Party-the Unionists led by Secretary General Talal al-Ramahi returned home by plane on 18 February. Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea; and Choe Chin-su, a deputy director of the party Central Committee saw the delegation off at the airport.

Kim Yong-nam Sends Message to Indian Counterpart

*SK1802050195 Pyongyang KCNA in English
0433 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—Foreign Minister Kim Yong-nam sent a message of greetings to Pranab Mukherji upon his appointment as foreign minister of the Republic of India.

The message expressed the belief that the friendly and cooperative relations between the two countries would further develop in the common interests of the two peoples.

Envoy Pays Farewell Visit to Angolan President

*SK1902072795 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 15 Feb 95*

[FBIS Translated Text] DPRK Ambassador Kang Sun-yong paid a farewell visit to Angolan President Jose Eduardo dos Santos on 10 February.

During the meeting, the ambassador conveyed the great leader [yongdoja] Comrade Kim Chong-il's greetings to President Jose Eduardo dos Santos. The president expressed deep gratitude and said that he sends warm greetings to the great leader [yongdoja] of the Workers Party of Korea and DPRK people and close friend of the Angolan people, His Excellency Kim Chong-il.

He said that he is of the firm faith that his excellency leader [chidoja] Kim Chong-il, who is the successor of President Kim Il-song's cause, will brilliantly succeed and develop generation after generation the great leader's [suryong] cause.

He said that as in the past, the Angolan people will continue to stand at the side of the DPRK people and will express whole-hearted support and solidarity in the DPRK Government and people's struggle to reunify the fatherland based on the principle of independence, peaceful reunification, and great national unity.

He said that he wishes long life for the dear leader [chidoja] His Excellency Kim Chong-il.

Hong Song-nam at Nigerian Minister's Reception*SK1802051295 Pyongyang KCNA in English
0447 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—J. T. Useni, minister of Federal Capital Territory of Nigeria, gave a reception Friday on the conclusion of his visit to Korea as a special envoy of the head of state of Nigeria.

In his speech at the reception, the special envoy said enormous achievements have been made in all fields in Korea under the tested guidance of the great leader President Kim Il-song and His Excellency Marshal Kim Chong-il, supreme commander of the Korean People's Army.

"Our visit has provided a good opportunity of strengthening friendship and cooperation between the two countries and the two peoples," he said.

Vice-Premier Hong Song-nam in his speech said the Nigerian people are endeavouring to consolidate national unity and achieve an independent and democratic development of the country under the leadership of respected head of state Sani Abacha.

The Korean people greatly value friendship with the Nigerian people and will further develop bilateral relations, he stated.

Nigerian Special Envoy Leaves Pyongyang 18 Feb*SK2102100995 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 18 Feb 95*

[FBIS Translated Text] (Jeremiah Timbut) Useni, a special envoy of the head of state of Nigeria and minister of Federal Capital Territory, and his entourage returned home by plane on 18 February. Hong Song-nam, vice premier; Yi Chol-pong, minister of city management; and Olugbenga Ayodeji Ashiru, ambassador of the Federal Republic of Nigeria to the DPRK bade farewell to the special envoy and his entourage at the airport.

Malian President Receives Ambassador 6 Feb*SK1602115795 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 12 Feb 95*

[FBIS Translated Text] Malian President Alpha Oumar Konare received Kim Ki-han, DPRK ambassador to Mali, on 6 February.

During the meeting, the ambassador conveyed the great leader [yongdoja] Comrade Kim Chong-il's greetings to President Alpha Oumar Konare. The president expressed deep gratitude and asked the ambassador to convey his warm greetings to the great leader [yongdoja] Comrade Kim Chong-il.

The president said that he is struck with admiration for the Korean people who are vigorously carrying out the march by changing the sadness of having lost the great leader [suryong] Comrade Kim Il-song to 1,000 folds of strength

and courage. He pointed out that he enthusiastically congratulates the adoption and implementation of the DPRK-U.S. agreed framework.

He emphasized that he will exert all efforts to develop the friendly and cooperative relations between the two countries of Mali and the DPRK.

The president's advisers to foreign affairs and cultural affairs, and the DPRK [words indistinct] delegation were on hand.

SKNDF Sends Congratulations to Kim Chong-il*SK1802105495 Pyongyang KCNA in English
1007 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The great leader Comrade Kim Chong-il received a congratulatory hanging scroll from the Central Committee of the South Korean National Democratic Front [SKNDF] (Hanminjon) on his birthday.

Written on the hanging scroll are "Long live General Kim Chong-il the brilliant commander produced by heaven". We reverentially present this to you on your 53rd birthday. The Central Committee of the South Korean National Democratic Front, Seoul.

The hanging scroll contains the infinite emotion and joy of vanguard fighters and people from all walks of life in South Korea greeting the birthday of Comrade Kim Chong-il as their greatest national holiday and their warm desire and reverence to hold him forever in high esteem.

Literature on Kim Chong-il Scattered in Seoul*SK1802105595 Pyongyang KCNA in English
1008 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—Several dozen copies of a literature praising the great leader Comrade Kim Chong-il were scattered in Seoul of the evening of February 15, the eve of the greatest February holiday of the nation, according to a radio report from Seoul.

Reading the literature, many people felt ardent reverence for him.

Upset by this, the traitor Kim Yong-sam threw a police dragnet.

Kim Chong-il Sends Funds to Koreans in Japan*SK1602005595 Pyongyang KCNA in English
2251 GMT 15 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 15 (KCNA)—The great leader Comrade Kim Chong-il sent 100 million yen of educational aid fund and stipends in Japanese currency for the Democratic National Education of the Children of Koreans in Japan.

It has brought the total amount of educational aid fund and stipends sent by President Kim Il-song and Comrade Kim Chong-il in 130 installments for the Korean children in Japan to 42,313,342,433 yen.

Chongnyon Thanks Kim Chong-il

*SK2102050295 Pyongyang KCNA in English
0432 GMT 21 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The great leader Comrade Kim Chong-il received a message of thanks from the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) for the educational aid fund and stipends sent by him for the Democratic National Education of Chongnyon.

The message says Chongnyon has been able to develop chuche-based national education and train the members of the younger generation to be dependable successors to the patriotic cause because respected General Kim Chong-il has clearly indicated the road of national education and shown parental loving care for its strengthening and development.

"We will uphold your idea of chuche-based education of overseas Koreans, respected general, and firmly maintain democratic national education as the starting point of our patriotic activities," it says.

"We will build up the ranks of educational workers, improve the quality and efficiency of school education and train the younger generation to be true Koreans and ardent patriots unfailingly loyal to you, respected general," it adds.

The message sincerely wishes respected Marshal Kim Chong-il a long life in good health.

Celebration of Kim Chong-il Birthday Abroad Noted

*SK2102052495 Pyongyang KCNA in English
0449 GMT 21 Feb 95*

[Spelling of all foreign names as received]

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The birthday of the great leader Comrade Kim Chong-il has been celebrated in different countries.

A joint meeting of deputies to the Federal Assembly of the Russian Federation was sponsored in Moscow by the Parliamentary Group for Russia-Korea Friendly Relations.

It was attended by more than 90 deputies to the Federation Council of the Federal Assembly and the State Duma.

In his speech at the meeting Aleksei Ponomarev, a deputy to the State Duma and head of the Parliamentary Group for Russia-Korea Friendly Relations, said that he warmly congratulated Comrade Kim Chong-il on his birthday in the name of the deputies to the Federal Assembly of Russia.

In his speech Vacheslav Marichev, a deputy to the State Duma, said that Comrade Kim Chong-il is a great thinker and theoretician and the true leader of people with deep love for the people.

Celebration meetings took place in Moscow on the birthday of Comrade Kim Chong-il.

The speakers at the meetings said that Comrade Kim Chong-il is the great leader and a prominent statesman who is leading the socialist cause in Korea and the world to brilliant victory.

A resolution calling for grandly commemorating the birthday of Comrade Kim Chong-il as an auspicious event common to humankind, an international holiday was adopted at the annual meeting of the Ghana-DPRK Friendship Association which was held in Accra, the capital of Ghana.

Upon the publication of the book "Kim Chong-il, the leader of Korea," on the birthday of Comrade Kim Chong-il, a ceremony was held in Tokyo under the sponsorship of the publication committee of the book.

A Taekwondo festival for "Chongilbong Cup" began at the Antananarivo Stadium in Madagascar.

More on Functions Held Abroad

*SK1902082395 Pyongyang KCNA in English
0802 GMT 19 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA)—Celebration functions were held by Korean residents in different parts of the world on the occasion of the birthday of the great leader Comrade Kim Chong-il.

A central meeting of Korean residents in Japan was held at the Korean House of Culture in Tokyo to mark the birthday of Comrade Kim Chong-il.

Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), said in his speech at the meeting that the revolutionary history of respected Marshal Kim Chong-il is a glorious one of struggle of a leader of the people which is run through with boundless loyalty to the leader great devotion for the revolution and high spirit of service for the country and the people.

Noting that respected Marshal Kim Chong-il is the great leader who always remembers Chongnyon and Koreans in Japan, taking care of and training them in his warm embrace, Yi Chin-kyu appealed to the entire Koreans in Japan to uphold the guidance of the general with loyalty and devotion.

Meanwhile, the Central Standing Committee of Chongnyon issued a picture album "General Kim Chong-il" and a meeting of oral narration and oratory of Korean students in Japan was held at Korean University on his birthday.

A joint meeting of Koreans, Korean photo and book exhibition and celebration performance sponsored by the Korean Association (unity) in Uzbekistan were held in Tasnket, a celebration meeting and photo exhibition co-sponsored by SINHAN MINBO, the North America-Korea Friendship Association, the Federation of Korean Businessmen in Americas and the Council of Korean Businesswomen were held in Los Angeles, the United States, on the occasion of the birthday of Comrade Kim Chong-il.

A congratulatory message to Comrade Kim Chong-il was adopted at a meeting sponsored by the Zhongnan area association of the headquarters of Koreans in China of the National Alliance for the Country's Reunification.

Kim Chong-il Receives Messages From Abroad

*SK2102045795 Pyongyang KCNA in English
0429 GMT 21 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The great leader Comrade Kim Chong-il received congratulatory telegrams from foreign heads of state on his birthday.

They came from Khamtai Siphandon, chairman of the Central Committee of the Lao People's Revolutionary Party and premier of the Lao People's Democratic Republic, and Nouthak Phoumsavanh, president of the Lao People's Democratic Republic; Benazir Bhutto, prime minister of the Islamic Republic of Pakistan; Jabir al-Ahmad al-Jabir Al-Sabah, amir of the Sheikdom of Kuwait; Manuel Esquivel, prime minister of Belize; Cheddi Jagan, president of the Cooperative Republic of Guyana; Pasteur Bizimungu, president of the Republic of Rwanda; Mohamed Abdelaziz, president of the Saharan Arab Democratic Republic; Violeta Barrios de Chamorro, president of the Republic of Nicaragua; and Kiro Gligorov, president of the Republic of Macedonia.

They extend warmest congratulations to Comrade Kim Chong-il on his birthday and wish him good health and a long life.

They express the belief that the friendly and cooperative relations between their countries and Korea will grow stronger and develop.

Comrade Kim Chong-il also received a congratulatory telegram from Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of the Revolutionary Armed Forces of the Republic of Cuba, on his birthday.

More Birthday Messages to Kim

*SK1802041995 Pyongyang KCNA in English
0412 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The great leader Marshal Kim Chong-il received congratulatory messages on his birthday.

The messages extend warmest congratulations to Marshal Kim Chong-il and wish him good health and a long life.

They express the resolution of compatriots to energetically conduct the work for greeting the 50th anniversaries of the foundation of the Workers' Party of Korea and the liberation of the country and the 40th anniversary of the formation of Chongnyon with a high degree of patriotic enthusiasm and brilliant achievements and the work for achieving national reunification under the banner of the 10-Point Programme of the Great Unity of the Whole Nation, deeply cherishing in their hearts the New Year's message sent by respected General Kim Chong-il.

Foreign Leaders Send Greetings

*SK1802043495 Pyongyang KCNA in English
0419 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings from foreign heads of state on his birthday.

They came from Yasir 'Arafat, president of the State of Palestine, chairman of the Executive Committee of the Palestine Liberation Organisation and head of the National Authority of Palestine; Suharto, president of the Republic of Indonesia; B. Yeltsin, president of the Russian Federation; Colville N. Young, governor-general of Belize; Sylvestre Ntibantunganya, president of the Republic of Burundi; Husayn the First, king of the Hashemite Kingdom of Jordan; Meles Zenawi, president of the Transitional Government of Ethiopia; Pascal Lissouba, president of the Republic of the Congo; Sardar Farooq Ahmad Khan Leghari, president of the Islamic Republic of Pakistan; Hafiz al-Asad, general secretary of the Arab Socialist Baath Party and president of the Syrian Arab Republic; and Valentine Esegagbo Melvin Strasser, head of state of the Republic of Sierra Leone and chairman of the National Provisional Ruling Council.

The messages extend warmest felicitations to Comrade Kim Chong-il and wish him good health and a long life.

They express the belief that the friendly and cooperative relations between their countries and Korea will grow stronger and develop.

Mindanao Koreans Send Messages

*SK1802043095 Pyongyang KCNA in English
0422 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The great leader Marshal Kim Chong-il received congratulatory messages from compatriots under the South Korean Residents Association in Japan (Mindanao) who are residing in different areas of Japan including Tokyo, Hokkaido, Osaka, Hyogo, Kyoto, Fukuoka and Kanagawa and South Koreans staying in Japan on his birthday.

The messages extend warmest congratulations to Marshal Kim Chong-il and wish him a long life in good health on the nation's greatest auspicious holiday of February.

They manifest their resolution to wage a vigorous struggle to accelerate national reunification under the banner of great national unity this year marking the 50th anniversary of the country's liberation.

Guyanese President Sends Card

*SK1902082595 Pyongyang KCNA in English
0801 GMT 19 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA)—The great leader Comrade Kim Chong-il received

a floral basket and a birthday card from Cheddi Jagan, president of the Cooperative Republic of Guyana, on his birthday.

The director of the Protocol Department of the Presidential Office of Guyana, upon authorization by the president, handed them to the DPRK ambassador to Guyana on Feb. 15.

The director said that he extended warmest congratulations to Comrade Kim Chong-il on his birthday on behalf of the president, government and people of the Cooperative Republic of Guyana.

He sincerely wished Comrade Kim Chong-il great success in his work to carry forward the cause of the great leader President Kim Il-song.

A floral basket also came to Comrade Kim Chong-il from the leader of the People's Democratic Movement of Guyana on this occasion.

The leader handed it to the Korean ambassador to Guyana on the same day.

Performances Celebrate Kim Chong-il's Birthday

*SK1802044195 Pyongyang KCNA in English
0425 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—Performances celebrating the birthday of the great leader Comrade Kim Chong-il are on at theatres and houses of culture in the capital and local areas from February 14.

At the East Pyongyang Grand Theatre, the Pyongyang Grand Theatre, the February 8 House of Culture and other theatres in the capital, artistes impressively represent in music, dance, poem, drama and other forms of art the immortal feats performed by Comrade Kim Chong-il for the times and the revolution, the country and the people and unshakable faith and will to accomplish the revolutionary cause of chuche under the guidance of the party.

Popular with spectators are performances being given at the Pyongyang circus and the circus of the people's army by acrobats who had cultivated their skill.

The Korean Art Troupe from Japan gave a music and dance performance "Song of loyalty of 700,000 Koreans in Japan" at the Pyongyang Grand Theatre on February 16.

Celebration performances were also given at the Hamhung Grand Theatre and other theatres and halls in the provinces, cities and counties.

WPK Central Committee Celebrates Kim's Birthday

*SK1902110895 Pyongyang Korean Central
Broadcasting Network in Korean 2200 GMT 15 Feb 95*

[FBIS Translated Excerpt] The Central Committee of the Workers' Party of Korea [WPK] hosted a banquet marking

the great leader [yongdoja] Comrade Kim Chong-il's birthday at the Mongnangwan on the evening of 15 February.

Invited to the banquet were (Jeremiah Tmutu) Useni, minister of Federal Capital Territory, who is a special envoy of the head of state of Nigeria and his party; the delegation of the Thai Seritham Party led by its leader Athit Urairat; the delegation of the October 8 Revolutionary Movement of Brazil led by Claudio Campos, general secretary of the party Central Committee; the delegation of the People's Unity Party-the Unionist of Jordan led by General Secretary Talal al-Ramahi; Ogami Kenichi, secretary general of the International Institute of the Chuche Idea, and his party; Feng Yuzhong, president of Liaoning University of China; and other foreign delegations and guests.

Also present at the banquet were Comrade Kye Ung-tae, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrades Hwang Chang-yop and Kim Chung-nin, secretaries of the WPK Central Committee; Hyon Chun-kuk, director of a department of the WPK Central Committee; Kim Yang-kun, Pak Kyong-son, Kim Yong-kol, and Choe chin-su, vice directors of departments of the WPK Central Committee; and vice foreign minister Kim Yong-il; and other functionaries concerned.

Comrade Kye Ung-tae made a speech at the banquet. [passage omitted on gist of speeches by Kye Ung-tae and heads of foreign delegations praising Kim Chong-il]

Kim Chong-il Sent Gift by Austrian Party Head

*SK1902083295 Pyongyang KCNA in English
0806 GMT 19 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA)—The great leader Comrade Kim Chong-il received a gift from the chairman of the Justice Party of Austria on his birthday.

The chairman handed it to an official of the Korean Embassy in Vienna on Feb. 14.

He said His Excellency Kim Chong-il is an outstanding leader of the world revolution and the greatest of great men he has sincerely revered and respected since a long time ago, and went on:

"I believe that only His Excellency Kim Chong-il, the great leader of the Korean people, can lead the world revolution and international communist movement, after His Excellency President Kim Il-song, an elder of the world revolution and the great leader of the Korean people, passed away.

"Therefore, I present this gift to His Excellency the great leader Kim Chong-il, hoping he will continue to lead the world socialist movement to victory."

Kim Chong-il Given Honorary Managua Citizenship*SK2002043895 Pyongyang KCNA in English
0434 GMT 20 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA)—The Honorary Citizenship Card of Managua, Nicaragua, was awarded to the great leader Comrade Kim Chong-il on his birthday.

The awarding ceremony was held at the city hall on Feb. 15.

The mayor of Managua in his speech said:

"We deem it great honor to award the honorary citizenship card to his excellency Kim Chong-il, the great leader of the Korean people.

"The city council decided to register him as an honorary citizen of Managua on his birthday in praise of his great feats.

"We sincerely hope that his excellency the great Kim Chong-il on his birthday will enjoy long life in good health and will, without fail, accomplish the cause of reunification of Korea by wisely guiding the Korean people."

Mexican Group Names Kim Chong-il Honorary Head*SK2102051595 Pyongyang KCNA in English
0441 GMT 21 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The great leader Comrade Kim Chong-il was elected honorary chairman of the Permanent Conference of Social Engineering of Mexico.

At a ceremony held in Mexico on Feb. 15, Hector Manuel Andreu Cuellar, chairman of the conference, introduced the brief biography and immortal revolutionary exploits of the great leader Comrade Kim Chong-il. He said that it was their great honour and pride to elect him as honorary chairman of the conference on his 53rd birthday.

A certificate of honorary chairman was handed to the DPRK ambassador to Mexico.

The certificate reads that the national direction board of the Permanent Conference of Social Engineering elected respected Comrade Kim Chong-il as honorary chairman of the conference on his 53d birthday.

Mexican School Gives Kim Chong-il Honorary Title*SK1802042795 Pyongyang KCNA in English
0415 GMT 18 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The great leader Comrade Kim Chong-il was awarded the title of honorary professor of Puebla Political Liberal School in Mexico on his birthday.

A function for awarding the title took place at the school on February 10. There the brief biography of Comrade Kim Chong-il and his immortal revolutionary feats were introduced.

The diploma of honorary professor was conveyed to the Korean ambassador to Mexico.

Written in the diploma are letters reading "The guidance council and the scholars institute of the Puebla Political Liberal School award the title of honorary professor to his excellency Kim Chong-il, head of the Democratic People's Republic of Korea, in praise of his exploits as a political leader."

Foreign Media Publish Kim Chong-il's Work*SK2102044195 Pyongyang KCNA in English
0425 GMT 21 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The famous work of the great leader Comrade Kim Chong-il "Socialism Is a Science" was published in booklet by the Goteborg Branch of the Sweden-Korea Friendship Association in celebration of his birthday.

Frank Baude, chairman of the Central Committee of the Communist Party-KPML (R) of Sweden, says in the preface of the booklet:

Socialism of Korea displays an admirable vitality.

The chuche idea is the very core of Korean-style socialism and a factor of the vitality of socialism.

Therefore, the Goteborg Branch of the Sweden-Korea Friendship Association decided to publish "Socialism Is a Science," a treatise of Comrade Kim Chong-il, the leader of the Korean people.

Some Marxists in the West should read this work, regarding the socialist idea of Korea as the guiding idea with a new, unbiased outlook on things, freed from the established view. Only then will they understand what significance the work "Socialism Is a Science" has.

The work was also published in booklet by the Ministry of Publication and mass media of Kazakhstan and the National Publishing House of Madagascar on the occasion of his birthday.

Foreign Sailors Praise Kim Chong-il's Guidance*SK2102010495 Pyongyang KCNA in English
2200 GMT 20 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA)—Foreign seamen met at Nampo port on the Korean west coast to give their impressions of the great dear Comrade Kim Chong-il's virtues on his birthday.

Present at the meeting were crewmen of the Russian-flagged ship "Borya Tsarikov," the Panamanian-flagged ships "Tian Jing Qiang" and "Orient Pearl".

Hukeji, [word indistinct] of the ship "Tian Jing Qiang" in his speech said that in the book "the great man Kim Chong-il" he read with deep impressions stories about the great honour and noble virtues of Comrade Kim Chong-il, who is pushing ahead with all work without rest and had a bridge built just for several children.

He said:

"Though I came to Korea for the first time, I have witnessed the great development of the Democratic People's Republic of Korea in my short stay here.

"The DPRK owes its development entirely to the wise guidance of Comrade Kim Chong-il.

"I am firmly convinced that the industrious and courageous Korean people will make the DPRK more prosperous and beautiful and achieve greater success in socialist construction and national reunification under the wise leadership of the great Comrade Kim Chong-il.

Grinev Andrey, a crewman of the ship "Borya Tsarikov," in his speech said that while reading the book "The Great Man Kim Chong-il," he came to know well that dear Comrade Kim Chong-il with distinguished character and qualification befitting the leader is the greatest man.

Absolute respect and reverence of the Korean people for dear Comrade Kim Chong-il who shows boundless love for them are natural feelings and socialism of Korea where the leader, the party and masses are in perfect harmony is invincible, he said.

Saying that his excellency the great leader Kim Chong-il spares nothing for the people, Eurojio D. Estoque, chief wireless operator of the ship "Orient Pearl", noted that he is a genuine leader of the people.

A letter to Comrade Kim Chong-il was adopted at the meeting.

Kim Chong-il Sends Thanks to Units, Officials

*SK2002043695 Pyongyang KCNA in English
0432 GMT 20 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to the Yongchon County, North Pyongan Province, party committee, the Sariwon School Things Producers' Cooperative, the teachers of the Yuli Senior Middle School in Unyul County, South Hwanghae Province, Won Chang-hak, an official of the Hyangsan County Party Committee, and Cho Yong-chol, a worker of a paper mill in Sepo County, Kangwon Province, and his wife No Myong-hui for their good things done for the society and collective.

His thanks also went to the officials and employees of the Ministry of Marine Transport who had made a great contribution to the implementation of the party's revolutionary economic strategy and the betterment of the people's living and the workers, technicians and office workers of the Sinuiju Toilet Articles Factory and the builders of Chemical Factory Construction Company No. 32 who had participated in the building of the toilet soap workshop of the factory.

Unions Hold Rallies To Pledge Loyalty to Kim

*SK1902142295 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 14 Feb 95*

[FBIS Translated Text] Marking the nation's most auspicious February holiday, resolution rallies to pledge loyalty

and filial duty to Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, were held by the functionaries and members of the General Federation of Trade Unions of Korea, the Union of Agricultural Working People of Korea, and the Korean Democratic Women's Union at the Central Working People's Hall on 13 and 14 February, respectively.

Present at the rallies were functionaries concerned, functionaries of the working people's organizations, and union members.

Discussions took place after reports were read at the rallies.

Participants shouted slogans such as "Let us pledge loyalty and filial duty to the great leader [yongdoja] Comrade Kim Chong-il!" and "Let us uphold the ideas and leadership of the great leader [yongdoja] Comrade Kim Chong-il with one mind and one will!" They made a firm resolution to become true loyalists and dutiful sons who are endlessly loyal to the party and the leader [suryong].

Letters of pledge to the great leader [yongdoja] Comrade Kim Chong-il were adopted at the rallies.

Kim Chong-il Sends Birthday Table to Centenarian

*SK2102052095 Pyongyang KCNA in English
0444 GMT 21 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The great leader Comrade Kim Chong-il sent a centennial birthday table to Yi Mi-yong, an old woman residing in Yukkyo-tong No. 1, Pyongchon district, Pyongyang municipality.

The birthday table was conveyed to her on February 18.

She was born into a poor family in Kwangdo-ri, Kaechon City, in 1895. It was not until country was liberated that she led a life worthy of humanity.

She has done a lot of good things voluntarily for the society to repay, if only a little, the solicitude of the Workers' Party of Korea and the socialist system to which she owed her longevity in health.

The number of macrobians is increasing in the Democratic People's Republic of Korea under the free medical care system.

Koreans From Overseas Visit Kim Il-song Statue

*SK1602010595 Pyongyang KCNA in English
2254 GMT 15 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 15 (KCNA)—Sonu Hak-won, advisor of the U.S. headquarters of the National Alliance for the Country's Reunification (Pomminnyon), and his companion and Chon Chong-nim, chairman of the Canadian regional headquarters of Pomminnyon, and his companion laid bouquets before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and made a bow on Tuesday.

Chon Chong-nim said: "When I climbed Mansu Hill on the threshold of the birthday of the great leader General Kim Chong-il, the greatest national holiday, I felt an irresistible yearning for the fatherly leader President Kim Il-song. President Kim Il-song had done all things he could do for the country and the nation before he passed away."

"Our nation is now holding General Kim Chong-il, one more great leader, in high esteem," Chon said, hardening his determination to make positive efforts for the prosperity of the nation and the sacred cause of national reunification, together with the people in the homeland who are closely rallied around General Kim Chong-il.

Thai, Russian Groups Visit Kim Il-song's Statue

SK1802045395 Pyongyang KCNA in English
0444 GMT 18 Feb 95

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA)—The delegation of the Seritham Party of Thailand headed by its leader Athit Urairat on a visit to Korea laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on February 17.

Earlier, on February 16, the delegation of the Khabarovsk Territorial Committee of the Communist Party of the Russian Federation headed by its Secretary G.V. Zakablukovskiy laid bouquets before the statue of President Kim Il-song.

Educational Workers Visit Kim Il-song's Statue

SK2102051195 Pyongyang KCNA in English
0434 GMT 21 Feb 95

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA)—The participants in a national meeting of active educational workers laid a floral basket and bouquets before the statue of the great leader President Kim Il-song on Mansu Hill on Monday.

"The great leader Comrade Kim Il-song is immortal" was written in the ribbon hanging from the floral basket.

They made a bow with reverence for President Kim Il-song, who devoted his whole life to the liberation and prosperity of the country, the strengthening and development of socialist education and the eternal happiness of the Korean people.

Symposium on Kim Il-song's Work Held 18 Feb

SK1902092595 Pyongyang KCNA in English
0823 GMT 19 Feb 95

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA)—A symposium was held Saturday to mark the 30th anniversary of the publication of "On Improving Higher Education," a famous work of the great leader President Kim Il-song.

In this work President Kim Il-song, basing himself on a profound analysis of the position and role of education in carrying out the revolutionary cause of the working class,

gave perfect answers to the theoretical and practical questions for developing higher education in a chuche-oriented way to suit a new demand of our developing revolution.

Speeches on the subjects "Wise Leadership Which Trained Intellectuals To Be Revolutionary Teachers and Revolutionary Intellectuals Devotedly Serving Party and Leader, Country and People by Working-classizing and Revolutionizing Them," "Immortal Feats Which Developed Our-style Socialist Education Onto New Higher Stage by Firmly Establishing Chuche in Education and Scientific Research," etc. were made there.

The speakers said that the work is a highly important guideline which should be held constantly in developing chuche-based education.

Because it provided a key to defending the life and soul of chuche-based education by strengthening politico-ideological education, they said.

It was also because the work clearly indicated the direction and ways to overcome dogmatism and flunkeyism and effect a new turn in education, they said.

It was stressed at the symposium that the quality of education has been improved and the idea of the great leader Comrade Kim Il-song on education brilliantly carried into practice under the outstanding and tested leadership of the great leader Comrade Kim Chong-il, with the result that the education of our country has reached a high stage.

Changjagang Power Station Increases Production

SK2102063295 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 19 Feb 95

[FBIS Translated Text] Party members and the working class of Changjagang Power Station who launched themselves into the rewarding struggle to make their country and fatherland even richer and stronger by upholding the great leader Comrade Kim Chong-il's handwritten letter to all the people and by highly displaying the revolutionary spirit of self-reliance and fortitude, actively explored and mobilized the reserves for electric power production to increase electric power production by 500,000 kilowatts more than the daily target, and are sending the electricity to various sectors of the people's economy.

Cherishing great pride and self-respect in working at a glorious work place which the fatherly leader and the great leader Comrade Kim Chong-il visited, the workers and technicians of the power generation work site are consistently overfulfilling the daily target of electric water-level.

The workers of the maintenance section are vigorously conducting the work of exploring and mobilizing the inner reserves as a mass movement and are reinforcing the hydraulic structures which are built to last for generations, thus contributing greatly to normalizing the electric power production at a high level.

Increase in Industrial Output Reported

SK1602044995 Pyongyang KCNA in English
0410 GMT 16 Feb 95

[FBIS Transcribed Text] Pyongyang, February 15 (KCNA)—Working people of the local industry have

sharply increased production on the threshold of February 16, the birthday of the respected Comrade Kim Chong-il.

The industrial output value and the output of main consumer goods under the ministry of the local industry rose 29 and 20 percent respectively in the first ten odd days of this month over the same period last year.

In this period, the Kangwon provincial general bureau of the local industry boosted the output of main consumer goods 30 percent by enlisting production potentials to the maximum. The South Pyongan and North Hwanghae provincial general bureaus of the local industry are topping their daily targets 30 percent.

The South Hamgyong and Chagang provincial general bureaus of the local industry, the Pyongyang municipal general bureau of the garment industry and the Hyesan foodstuff complex have markedly increased the output of mass consumption goods including garment and foodstuff by introducing valuable technical innovation proposals and effectively controlling the equipment and work force.

South Korea

Pending USTR Delegation Visit Announced

SK1802013495 Seoul YONHAP in English 0131 GMT
18 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 18 (YONHAP)—A working delegation of the United States Trade Representative (USTR) will arrive in South Korea Wednesday [22 February] to discuss pending trade issues between Seoul and Washington, a Foreign Ministry official announced Saturday.

The U.S. group, led by newly-appointed USTR Director General for Korean Affairs Christina Lund, is scheduled to handle overall bilateral trade issues with their South Korean counterparts, the official said.

The issues will include an amendment on the record of understanding on U.S. cigarettes, extension of the U.S. meat distribution period and the opening of South Korean automobile and investment markets, the official noted.

He added the two sides will also discuss timetables of projected trade negotiations between the two nations.

"At present, there's no particular pending issue that might cause acute conflict between Seoul and Washington. We will explain our government's stand on the trade market opening in detail to the American delegation," the official said.

Measures Urged Against 'U.S. Trade Pressure'

SK2202093595 Seoul SEOUL SINMUN in Korean 22
Feb 95 p 3

[Editorial: "U.S. Trade Pressure and Our Countermeasures"]

[FBIS Translated Text] U.S. trade pressure is becoming fiercer. Even the State Department and the CIA have joined hands with economic organs, such as the Commerce Department, in reinforcing U.S. trade strategy. This can be seen in

their readiness to launch an all-out attack in the global economic war in an era of endless challenges, which is more cruel than the ideology struggle in the Cold-War era.

The United States, especially, was shocked to find that it registered a record-breaking deficit of \$160 billion in commercial trade last year. The United States has designated most of the leading developing countries, including the ROK and Taiwan, as "big emerging markets" and is exerting more pressure on these countries by threatening to invoke Super 301 of the trade law.

The Washington administration's offensive trade policy fully deserves criticism of the people who claim the policy is prompted by the theory of a strong man who pursues his own interest by regarding it as a supreme objective. What needs to be pointed out, along with the U.S. side's hegemonism, is that, regrettably, we are plagued by the extreme trade pressure, including trade retaliations, even though our country itself has registered an annual trade deficit of more than \$6 billion.

In addition, for several years we have suffered losses in trade with the United States, registering a trade deficit of \$1 billion last year. However, we are still faced with high-handed measures by the United States. To avoid paying high prices as a result of the U.S. ultrastrong strategy, we should improve various trade laws and regulations that meet international trade norms. We should also implement drastic measures to open the industrial field, winning firm international recognition that our policies support free trade.

Along with this, we should also concentrate all our efforts to pursue a new pan-governmental policy to push exports, learning from the U.S.-style strategy to improve trade balances, even though there are some problems in the way it is used. The government should give maximum support to the export industry within the bounds of international regulations and businesses should also be equipped with the world's first-class technology and manufacture top-class products. In particular, we should no longer overlook the structural trade imbalance with Japan, to which we hand over foreign currency amounting to \$10 billion that we earn from other countries. A great turn in trade policy, which will not miss opportunities, is now needed.

Dailies View Attitudes on U.S. Trade Issues

SK1902123095

[FBIS Editorial Report] The following is a compilation of two editorials published by ROK vernacular dailies on 19 February on the ROK-U.S. trade negotiations which are slated for next week.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial advising both countries to cooperate with each other so that they can broadly discuss various pending issues and maintain the principle of maximum reciprocity between them. While stressing the need to take note of the fact that the ROK is importing more from the United States than it is exporting to the country, the editorial expresses its concern that "the ROK Government

is invariably on the defensive against the strong U.S. pressure at the ROK-U.S. trade negotiations table" held so far.

The editorial goes on to emphasize that one party should not make ill use of its own economically superior and dominant position to apply pressure to open the other party's markets, while urging the ROK and the United States "to make the most of the strong points of their traditional, bilateral forum of negotiations and to try not to turn such a negotiation forum into a channel through which unilateral or unjust pressure is applied." The editorial concludes, by saying: "We hope that the United States will not give the wrong impression to other countries that in trade negotiations it is playing the weakling against its strong opponent, such as the PRC, while playing the role of the strongman against its weak opponent."

The left-leaning HANGYORE SINMUN also carries on page 3 an 800-word editorial saying that "the United States is pertinaciously launching its offensives against Asian countries with each passing day." The editorial criticizes the United States for "asking the ROK, against common sense, to extend the expiration date of frozen sausage from 90 days to 180 days and to approve the results of a foreign agency's food inspection." The editorial further blames the United States for presenting preposterous demands to the ROK, through the Foreign Ministry and the Ministry of Trade and Industry, concerning the information and telecommunications market, adding that "it seems that the United States is trying to nip in the bud South Korean corporations' efforts to sell telecommunications equipment to North Korea."

The editorial also criticizes the foreign minister and the minister of trade and industry in connection with their attitude of responding to trade issues pending between the ROK and the United States, singling out the latter for "paying courtesy calls" on U.S. officials during his recent visit to the United States. The editorial adds that the U.S. side is responding to these issues in conjunction with its Department of Commerce, Trade Representative's Office, and even Congress.

In conclusion, the editorial says that "a delegation from the U.S. Trade Representative Office will visit the ROK next week to 'deal another blow' to the ROK. With such a deplorable attitude on the part of ROK officials, they will only be defeated in every single battle."

U.S. Firm To 'Supervise' KEDO Construction

SK1802095395 Seoul KBS-1 Radio Network in Korean 0922 GMT 18 Feb 95

[FBIS Translated Text] It has been learned that the ROK and the United States will have Westinghouse or Bechtel of the United States participate, as a supervising company, in the implementation of the agreement on the supply of light-water reactors which will be concluded between North Korea and the Korea Energy Development Organization [KEDO].

On 18 February, a government official said that it is essential for a supervising company to participate in a large-scale construction project, such as the construction of

an atomic power plant, as a project manager or coordinator. He added that the company would meticulously supervise during the period of construction whether the construction project is carried out in accordance with the designs.

Seoul Urges 'Minimum' Supervision

SK1902053995 Seoul HANGUK ILBO in Korean 19 Feb 95 p 2

[FBIS Translated Text] It was learned on 18 February that with the approach of the formation of the Korea Energy Development Organization [KEDO] and the signing of an agreement to provide light-water reactors [LWR] to North Korea, the ROK and the United States disagreed upon the position and role of the U.S. enterprise that will participate in the light-water reactor project.

Because of North Korea's unexpectedly strong refusal to accept an ROK-style light-water reactor, the United States has recently informed the ROK Government of its plans to grant the U.S. enterprise the comprehensive right of collective bargaining with foreign countries [taewoe kyosopkwon] as well as the right of command and supervision, with KEDO authorization, to carry on the overall work as the practical major supplier regarding the reactor project, thus expanding the enterprise's role.

Regarding this, the government has reportedly and clearly adhered to its position that the U.S. enterprise participating in the light-water reactor project should have a minimum supervisory function as a service company [yongyok hoesa] employed by KEDO.

Along with this, the government has stressed that the ROK enterprise should become the main contractor for the provision of light-water reactors to North Korea. It should also be granted the right to directly negotiate with North Korea.

The ROK, the United States, and Japan have decided to convene a meeting in New York on 7 March to form KEDO, and have begun discussions to narrow the differences in opinions between them.

Prior to this meeting, the ROK and the United States will review the agreement to form KEDO when Winston Lord, assistant secretary of state for East Asian and Pacific Affairs, visits Seoul on 22 February. Toward the end of this month, the ROK, the United States, and Japan will have another vice ministerial-level meeting to finally confirm and initial the documents of agreement regarding the formation of KEDO.

Official: KEDO To Operate on 'Unanimity Basis'

SK2202104295 Seoul YONHAP in English 1036 GMT 22 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—The Korea Energy Development Organization (KEDO), an international consortium for the furnishing of light-water reactors to North Korea, will make major decisions only with unanimity among its key member countries—South Korea, the United States and Japan, a senior South Korean official said Wednesday.

Choe Tong-chin, head of the office of planning for the light-water reactors project, said Wednesday the KEDO executive board consisting mainly of the three countries will be operated on a unanimity basis.

A source said the unanimity method is a device to keep the KEDO from making any major decision without South Korea's concurrence.

Choe said the KEDO headquarters secretariat will be minimized in scale to the most possible extent, adding that the review of legal and technical problems related to the reactors project will be made by related legal and technical firms.

"Under the Geneva agreement, an American official will serve as KEDO secretary-general while the two posts of deputy secretary-general will go to a South Korean and a Japanese," Choe said.

He said there is no objection among the major KEDO countries to the idea of making a South Korean industry the principal contractor for the supply of reactors to North Korea.

New Round of KEDO Talks Scheduled for 27 Feb
SK2202075395 Seoul YONHAP in English 0745 GMT
22 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—A new round of talks on the establishment of an international consortium for the provision of light-water nuclear reactors to North Korea will be held in New York starting Monday [27 February], according to officials of the Ministry of Foreign Affairs Wednesday.

The first round of the three-way talks involving South Korea, the United States and Japan will be held for two days from Monday with working-level officials attending, according to the sources.

High-level officials' meeting will follow Thursday with Choe dong-jin, secretary-general of the office of planning for the light-water reactors project; Robert Gallucci, assistant secretary of state for political and military affairs; and Tetsuya Endo, ambassador-in-charge for nuclear affairs, representing South Korea, the United States and Japan, respectively, participating, said the officials.

During the meetings, the officials will try to conclude a variety of issues involving the inauguration of the Korea Energy Development Organization (KEDO), expected to take place in early March with over 10 countries participating, said the officials.

U.S. Lord Arrives in Seoul for Nuclear Talks
SK2202085595 Seoul YONHAP in English 0846 GMT
22 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—Winston Lord, the U.S. assistant secretary of state for East Asian and Pacific affairs, flew into Seoul Wednesday evening to discuss with Seoul officials the implementation

of the nuclear deal between Pyongyang and Washington and security issues on the Korean peninsula.

Lord was accompanied by Kent Wiedmann, deputy assistant secretary of defense for east Asian Pacific affairs; Alan Romberg, deputy director of the policy planning staff; and David Brown, director of the office for Korea.

He will hold talks with Yi Chae-chun, assistant minister for political affairs, and Choe Tong-chin, secretary-general of the office of planning for the light-water reactors project, on ways to carry out the framework agreement between the United States and North Korea, according to officials of the Ministry of Foreign Affairs.

Among the issues to be discussed are devising measures to force the North to resume inter-Korean talks, making Pyongyang accept South Korean standard model nuclear reactors, dealing with North Korea's call for the replacement of the current Armistice Agreement with a peace pact and deciding whether and when to start the annual joint military exercise Team Spirit between the United States and South Korea, said the officials.

The meetings will also be attended by officials from the Ministries of Foreign Affairs and Defense, the Agency for National Security Planning (NSP) and the presidential office of Chongwadae, said the officials.

The U.S. assistant state secretary will also meet with Foreign Minister Kong No-myong and Deputy Prime Minister and Unification Minister Na Ung-pae during his stay here, said the officials.

Lord is expected to give a brief press conference at Kimpo International Airport Saturday morning just before leaving the country at 10:30 A.M. [0130 GMT], said the officials.

He will tour Mongolia, China and Japan after his Seoul visit, they said.

Hopes To Settle 'Row With Seoul'

SK2202025895 Seoul YONHAP in English 0246 GMT
22 Feb 95

[By Son Chae-kyu]

[FBIS Transcribed Text] Washington, Feb. 21 (YONHAP)—Washington hopes the row with Seoul over the brand name of light-water reactors to be provided to North Korea under the framework agreement in Geneva last October will be settled when Assistant Secretary of East Asian and Pacific Affairs Winston Lord visits Seoul this week.

U.S. officials have repeatedly said there is no alternative to the South Korean model while working on forming an international consortium, the Korea Energy Development Organization (KEDO), to finance the provision of the reactors.

With the formal KEDO inauguration around the corner, however, Washington officials have hinted at the possibility of change in the U.S. position.

An official involved in the Korean issue recently advised to watch what terms U.S. officials use when they openly discuss the reactor issue.

In this connection, the remarks a ranking Pentagon official made in a meeting of the Center for Strategic and International Studies last Friday drew particular attention.

Asked what the South Korean model was like, this Pentagon official said it was "the South Korean model reactor."

By this he meant that the reactors would be fundamentally made by South Korea with finishing touches added by U.S. engineers, said the official involved in the Korean issue.

Another official said South Korea should understand the inevitable need to share the burden in providing reactors to North Korea, asking, "is it reasonable to insist that a U.S.-licensed product is a South Korean model because it is made in South Korea?"

Westinghouse and other firms interested in North Korea's light- water reactor project share this view and the U.S. nuclear regulatory commission even resists the use of the term, South Korean model reactor, because of the high technology involved in the production of light-water reactors, according to this official.

Still another official who has visited North Korea several times in support of the U.S.-North Korea nuclear talks said he could understand South Korea's concern about the reactor's brand name, adding, however, that Seoul should be realistic in their far-fetched view.

A fourth official said the reactor bearing the South Korean model brand would have no meaning because its core technology is in U.S. hands. When the KEDO starts to provide the light-water reactors to North Korea there will be a row between Washington and Seoul over who should be technically responsible for the reactors, he added.

Many U.S. officials agree that the realities will provide a clue as to what brand name the reactors should carry as none of Washington, Seoul and Pyongyang want to see the Geneva agreement broken.

During his recent visit to Washington, South Korean Foreign Minister Kong No-myong, when asked how he would resolve the reactor's brand-name issue, hinted at a political solution.

U.S. officials expect that the U.S.-South Korea row over the reactor's brand name will be settled in one way or another during Assistant Secretary of State Winston Lord's trip to Seoul this week.

Foreign Ministry Views North Stance on Reactors *SK2002023695 Seoul KBS-1 Radio Network in Korean* *0205 GMT 20 Feb 95*

[FBIS Translated Text] On 20 February, the Ministry of Foreign Affairs stated that, regarding the ROK's role in providing light-water reactors, North Korea expressed its

willingness to allow the ROK to participate in simple subcontracted work, including a portion of the engineering work.

A Foreign Ministry official stated on 20 February: At the expert-level talks opened in Berlin on 28 January, North Korea expressed its intention to consider the ROK's participation in simple engineering work, in supplying some noncore parts, and in some subcontracted work.

The official, however, said North Korea had not mentioned any specific issues such as free travel by our technicians to North Korea.

In particular, the official added: North Korea clearly opposed the ROK-style reactor specified in the treaty as well as the ROK playing the key role in the project.

Foreign Minister on Nuclear Issue, Team Spirit *SK2202141795 Seoul YONHAP in English 1408 GMT* *22 Feb 95*

[FBIS Transcribed Text] Seoul, Feb.22 (YONHAP)—Foreign Minister Kong No-myong said Wednesday that the nuclear framework agreement between Pyongyang and Washington will help the reclusive regime of Kim Chong-il to come out to join the world community as a responsible member.

In a keynote speech to a meeting of an association of local reporters covering foreign and security affairs, Kong also stressed that the South Korean Government will no longer fear the proposed improvement in relations between Pyongyang and Washington but try to make efforts to lead the improvement to serve as an occasion to further improve bilateral relations between Seoul and Washington.

"The United States Government promised that there will be no improvement in relations between Pyongyang and Washington at the sacrifice of relations between Seoul and Washington," said the foreign minister. "I do not think that now is the time for us to reconsider traditional relations with the United States."

Kong was responding to questions that the improved relations between North Korea and the United States promoted under the agreed framework on the North's nuclear program might alienate South Korea from the United States.

"The United States will soon announce its new defense strategy in the Asia-Pacific region in which it is determined to maintain the present-level of military strength in the region even in the post- Cold War era," said Kong.

On the type of nuclear reactors to be provided to North Korea, Minister Kong flatly said that the reactor project cannot go ahead without financial assistance from South Korea and, therefore, no other alternative to the South Korean standard reactor models could be considered.

He said that by South Korean models he meant 1,000 mega-watt Ulchin Nos. 3 and 4 reactors which South Korean firms developed by remodeling Yonggwang reactors manufactured with the technical assistance from Combustion Engineering of the United States.

The minister reaffirmed that "substantial progress" should be made in relations between South Korea and North Korea if North Korea wants to receive two light-water nuclear reactors, adding that exchanges of materials and engineers could fall into the categories of the word substantial.

He hoped the Korea Energy Development Organization (KEDO) could be launched early March with over 12 countries taking part in the international consortium, although China and Russia will not join the consortium for financial or political reasons.

Defense Minister Yi Yang-ho also attended the meeting to say that the Team Spirit joint military exercise between the United States and South Korea has worked well as a card in forcing the North to reach a nuclear agreement with the United States.

Yi also said that "at the moment, the South Korean Government is not in a position to announce postponement or cancellation of the exercise on its own in that Team Spirit is a joint exercise," adding that Seoul officials will have to discuss the matter with Winston Lord, the U.S. assistant state secretary, and his entourage now in Seoul.

He expected the issue to be cleared around this weekend when the American delegation finishes talks with South Korean officials.

The defense minister also said that the joint military preparedness between South Korea and the United States will have to be maintained at the current level unless the North's threat by conventional weapons reduces drastically, although the North stopped developing nuclear weapons.

In a meeting with the highest military officer of Japan who will visit Seoul Thursday, the defense minister said that he will discuss such matters as the North Korean nuclear issue and the North's suspected development of long-range missile system which the Japanese considers pose a serious threat to their defense.

He also said that the South Korean military will enhance military cooperation with Russia, China, Japan as well as the United States as an indirect way to put pressure on the North Koreans which continue to maintain substantial conventional military forces.

On the possibility of any military intelligence organization's surveillance of civilians, he said that he strongly ordered military intelligence bodies not to engage in such acts.

He said that about 900 conscripts will be assigned to work for the central election committee for the coming June elections instead of serving in the Army, adding that he is concerned about the possibility that the conscripts could be seen as an example of interference in political affairs by the military, although the Defense Ministry had to decide to send them at the request of the election committee.

'Source' on U.S. Guaranteeing Reactor Completion
SK2202023895 Seoul HANGUK ILBO in Korean 22 Feb 95 p 1

[Report by Ko Tae-song]

[FBIS Translated Text] It was learned on 21 February that the U.S. Government will soon send North Korea a high-ranking official's letter that guarantees the completion of the light-water reactors, if North Korea accepts the ROK-type light-water reactors.

According to a diplomatic source in Seoul, the United States, in a letter to be conveyed in the name of Nuclear Ambassador [title as published] Robert Gallucci, the chief delegate to the North Korean- U.S. nuclear negotiations, reportedly made this guarantee, making clear that there is no other alternative other than the ROK-model and that Japan promised its share of the financial burden on the premise that the ROK-model reactors are provided.

This is apparently aimed at putting to rest the North side's concerns that there is a chance that the ROK might suspend the construction of reactors under the pretext of political reasons.

Reacting to the North's demand that the United States, Germany, and Japan should participate in the design of reactors and the production of key parts and that the ROK only be in charge of some subsidiary parts and facilities, the U.S. Government flatly rejected this by saying that "it is realistically impossible if seen from the view of procuring financial resources."

In the meantime, the letter is likely to be delivered to North Korea through a New York channel between North Korea and the United States.

Defense Minister Yi, 'Official' on Team Spirit
SK2002010295 Seoul YONHAP in English 0051 GMT 20 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 20 (YONHAP)—Defense Minister Yi Yang-ho said Sunday [19 February] that the government will decide within this month whether or not to conduct Team Spirit '95, a joint military exercise with the United States.

In KBS-TV's "Policy Diagnosis" program Sunday morning, Yi said, "Team Spirit, being purely defensive in nature, should naturally be carried out. But whether or not to conduct it this year will be decided within the month in consultation with the United States in a direction that may help the resolution of the North Korean nuclear issue."

Another official disclosed a government plan to conduct Team Spirit '95 during the latter half of this year if and when Pyongyang insists on rejecting the South Korean standard model light-water reactors and resumption of inter-Korean dialogue.

The government plans to push through with specifications of the South Korean model reactors for a reactor supply contract that the United States will conclude with North Korea without fail, reasoning that it is a prerequisite to the implementation of the Washington- Pyongyang nuclear framework agreement, the official said. The government also intends to link this matter to the opening of liaison offices in Washington and Pyongyang.

This stand will be conveyed to the United States at senior working-level officials' talks to be held with Assistant U.S. Secretary of State for East Asian and Pacific Affairs Winston Lord and his party which is arriving in Seoul Wednesday.

The official said, "The U.S. working-level delegation led by Lord is to make a general review of the status of implementing the nuclear framework agreement with relevant government officials. In the event that Pyongyang continues to reject South Korean model reactors and resumed inter-Korean dialogue, South Korea and the United States intend to study a possible conduct of Team Spirit '95."

Referring to the exchange of liaison offices between the United States and North Korea, the official said that Seoul and Washington "Plan to adopt a formula to not open liaison offices before 'meaningful' progress is made in inter-Korean dialogue."

Even if the nuclear framework agreement were not implemented satisfactorily, however, "No sanctions against the North through the United Nations is envisaged as the position of China and other countries has yet to be confirmed. The government will seek some other countermeasures in collaboration with the United States," the official added.

U.S. 'Educating' Staff for North Liaison Office

SK2002020995 Seoul YONHAP in English 0203 GMT 20 Feb 95

[FBIS Transcribed Text] Washington, Feb. 19 (YONHAP)—The United States has already selected and is currently educating the personnel that will be posted to the U.S. liaison office in North Korea and its first team is likely to arrive at the post in April as observed, American sources here said Sunday [19 February].

A source involved in Korean affairs hinted that Spencer Richardson, who is [in] his late 50s, has been internally named as the first chief of the U.S. liaison office in Pyongyang and said he is scheduled to go there as early as April.

He disclosed Richardson served in the Political Division of the U.S. Embassy in Seoul during the late 1970s and is currently dispatched to a certain defense-related agency after leaving his practical business at the U.S. State Department.

The source added that he heard that Richardson is bound to serve at the liaison office for two years.

A department official acknowledged that Richardson once served in South Korea and is currently dispatched to an organization related to defense affairs, but declined to comment on what he would be assigned to in the future. Previously, Richardson was learned to have been a candidate for the chief of U.S. liaison office in Vietnam.

The source further said he learned that about eight people will be sent to the U.S. liaison office in Pyongyang, divided into two groups of one year and two years of service there.

With regard to the opening time of the liaison office, he revealed that the first team will arrive there around April, to be followed by the next group around June or July, foreseeing, however, that he could not rule out the possibility of political variables.

Another source here stated that a total of eight persons are set to be dispatched to Pyongyang on a gradual basis as long as there is no large variable, hinting that the number of persons on trade affairs would be larger than originally scheduled.

As to the U.S. liaison office personnel's passage through the truce village of Panmunjom, a source revealed that they have already arranged the travel route so that the officials can go to Seoul via third countries like Beijing or Tokyo except for extremely emergency cases of sudden illness.

As to the delivery of diplomatic pouches, he said the United States and North Korea are close to an agreement for the pouch from the U.S. liaison office in Pyongyang to be conveyed to the American embassy in Seoul through Panmunjom.

Steps Contemplated To Resolve Nuclear Issue

SK1802043895 Seoul SEOUL SINMUN in Korean 18 Feb 95 p 4

[By reporter Yi To-un]

[FBIS Translated Text] With North Korea's strong rejection of the ROK-type light-water reactor on 17 February, it seems that the conclusion of the light-water reactor contract between the Korea Energy Development Organization and North Korea which was expected to be reached on 21 April, has become unclear. Therefore, the government has started to reexamine the Geneva DPRK-U.S. agreement.

The government plans to try to resolve North Korea's nuclear issue once again within the framework of international organizations such as the United Nations and the International Atomic Energy Agency, if North Korea continues to reject the ROK-type light-water reactor even after diplomatic efforts have been made.

According to this policy, the government will reconfirm in talks with Winston Lord, U.S. assistant secretary of state for East Asian and Pacific Affairs, who is to visit the ROK on 22 February, that the ROK and the United States must promote the adoption of the ROK-type light-water reactor issue prior to other pending issues such as the establishment of DPRK-U.S. liaison offices. Both countries also plan to discuss concrete countermeasures such as carrying out international sanctions if North Korea does not implement the Geneva agreement.

Concern Over North Diversion of Heavy Oil Noted

SK1902112895 Seoul KYONGHYANG SINMUN in Korean 18 Feb 95 p 3

[Editorial: "Has the United States Given Military Aid to the North?"]

[FBIS Translated Text] Some have raised the possibility that the heavy oil the United States has supplied North Korea for power generation purposes, in conformity with the North-U.S. agreement reached in Geneva, may have been diverted for military purposes, thereby attracting our attention. If this proved to be true, then, it would mean that the United States has given military aid to North Korea. This is really nonsensical.

Such a possibility is not a simple wild guess, because it was revealed by Gary Luck, commander of the U.S. Forces in Korea [USFK], at a U.S. Senate public hearing. A U.S. Government official has also said that part of the first shipment of 50,000 tonnes of heavy oil supplied to North Korea has been unloaded at a place other than Sonbong—the originally designated unloading place—thereby strongly supporting the possibility that the heavy oil may have been diverted for military use.

Even without the USFK commander's testimony, we think it is very likely—now and in the future, too—that North Korea will divert the money and materials it is receiving, as a result of our side's support in the construction of light-water reactors and of the economic cooperation, for military purposes. North Korea will have light-water reactors worth several billion dollars built for it. It will also receive energy sources, which it needs, during the construction period of a power plant. Under these circumstances, there ought to have been a more detailed and direct information on the recipient party [suhyeuk].

How can we supply energy sources and an energy generation plant—which are strategic materials and facility—to the other party, without knowing the details? How can we know under which circumstances the other party will use such materials and facility? Therefore, it is necessary to conduct inspections—as thoroughly as those of the nuclear facilities—as to where and how the materials, which we have sent, are being used.

Considering this incident, the United States should give more reality-oriented attention to the implementation of the North-U.S. agreement. The authorities in Pyongyang should also realize that their sincere attitude is the only shortcut to maximizing the effect of the hard-won North-U.S. agreement. This is a sure-fire road to easing the difficult economic situation facing North Korea and enabling it to smoothly join in as a respectable member the international community.

At the present moment, a group of 18 U.S. businessmen from 11 enterprises—including General Motors Company, the world's largest automobile maker—are in North Korea. They are there to discuss economic cooperation with the North Korean side. In a few words, we can feel that the North-U.S. economic cooperation has begun in earnest, considering the variety of the visiting U.S. companies' specialties, such as telecommunications, law, financing, and cargo transport.

The other day, the U.S. Government issued a final measure to ease sanctions against North Korea in line with the North-U.S. agreement. In this regard, various kinds of

restrictions were lifted, including the permission for Americans to travel to North Korea. It is now expected that North-U.S. exchanges will begin in full swing sooner or later. In order for it not to lose this opportunity, North Korea has no choice but to give deep thought to these circumstances.

U.S. State Department Comments

SK2202031395 Seoul YONHAP in English 0258 GMT
22 Feb 95

[FBIS Transcribed Text] Washington, Feb. 21 (YONHAP)—The U.S. State Department has said it is not concerned about the possibility that North Korea has diverted for military purposes the heavy oil that was shipped to the communist country last month.

In a regular briefing Tuesday, the department's Deputy Spokeswoman Christine Shelly explained that she was not concerned that the oil had been used to power the North Korean military machinery. But she said, "We expressed some concern about the possibility of diversion of a very small portion of the heavy fuel that we had shipped for heating and power-generation purposes."

She said that one of the reasons that the heavy oil was chosen in negotiations with North Korea was that "It was a type of oil that couldn't be used in military planes and vehicles."

Asked to comment on the recent testimony by Gen. Gary Luck, commander-in-chief for U.S. Forces in Korea, who thought there was evidence of Pyongyang's possible diversion of the oil for military use, she replied "No, I think he (Gen. Luck) said that there was concern. I don't think that he said anything suggesting that there was evidence that such a thing had actually taken place."

In this connection, the Washington post recently reported that there is a possibility that North Korea might have used a small portion of the oil's first shipment for an industrial factory, but hadn't diverted the oil for military purposes.

North Demand for Polish MAC Withdrawal Viewed

SK2202084995 Seoul KBS-1 Radio Network in Korean
0800 GMT 22 Feb 95

[FBIS Translated Text] It was learned that North Korea recently demanded the withdrawal of the Polish delegation of the Neutral Nations Supervisory Commission [NNSC] of the Military Armistice Commission [MAC].

The UN Forces Command revealed today that the North Korean Army is scheming to force the Polish delegation to withdraw from the NNSC, to which the UN Forces Command made an official protest.

In the letter of protest, Colonel Shoemaker from the UN Forces side of the MAC pointed out that the North Korean attitude of forcing the Polish delegation to withdraw clearly violates the Armistice Agreement and does not even comply with the North Korean claim that it wants peace and stability on the Korean peninsula.

UNC Denounces Eviction Attempt*SK2202112495 Seoul YONHAP in English 1115 GMT
22 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—The United Nations Command [UNC] in Korea warned on Wednesday it won't accept the current attempt of North Korea to evict the Polish delegation to the Neutral Nations Supervisory Commission (NNSC).

The UN Command said Col. Mark Shoemaker, secretary of the UNC component of the Military Armistice Commission [MAC], told the North Koreans recently the UN Command rejects any method other than that described in the Armistice Agreement for changing the delegations participating in the Korean armistice.

A UN Command press release said that in their attempt to drive the Polish NNSC delegation out of their land, North Korea has been restricting the Polish delegation to their camp and prohibiting the Poles from traveling to the Panmunjom area to conduct their NNSC duties.

"This calls into question the sincerity of the Korean People's Army's [KPA] stated desire for peace and stability on the Korean peninsula," the press release said. "This is another case of the KPA blatantly disregarding proper procedures for changes to the Armistice Agreement."

In his recent letter addressed to his North Korean counterpart, Senior Col. Pak Rim-su, Col. Shoemaker said the North Korean Army has shown its flagrant disregard for the truce agreement on many previous occasions, including the withdrawal of its personnel from the truce commission in April 1994.

The North Korean Army has also not lived up to its responsibilities in naming a replacement NNSC delegation for the former Czechoslovakian delegation which left in 1993, the UNC MAC secretary said.

On last Feb. 9, North Korea told the Polish NNSC delegation to withdraw from North Korea by Feb. 28, threatening that if the Poles fail to comply, they would take a legal action against them on charges of "illegal stay," a source said.

Seoul Considering 'Strong Measures' for North*SK2002015695 Seoul TONG-A ILBO in Korean 20 Feb
95 p 2*

[FBIS Translated Text] It was learned on 19 February that the ROK Government has decided to take strong measures—such as resuming the Team Spirit exercise, increasing USFK [United States Forces in Korea] troops in the ROK, and imposing sanctions on North Korea via the United Nations—if Pyongyang does not accept ROK-style light-water reactors by 21 April, the deadline for signing a treaty to provide light-water reactors to North Korea, thus aggravating tensions on the Korean peninsula.

The government also decided to make the United States firmly promise to specify the supply of ROK-style reactors in the treaty signed between the United States and North Korea on providing light-water reactors.

In connection with this, the government will have intensive discussions during the forthcoming high-level talks between the ROK and the United States to be held upon the arrival of Winston Lord, assistant secretary of state for East Asian and Pacific affairs who will visit the ROK on 22 February, regarding the need to increase USFK troops based in the ROK as well as other measures needed in case the crisis becomes aggravated [wigi kojosi].

The government also decided to promote sanctions against North Korea via the UN Security Council if North Korea breaks the North Korea-U.S. agreed framework, and has decided to fully explain to the PRC and Russia the inevitability of providing North Korea with ROK-style reactors and ask for their cooperation in this matter.

North Joins International Air Services Agreement*SK2202071795 Seoul YONHAP in English 0659 GMT
22 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—North Korea recently joined an international aviation agreement on regular flights in a prelude to opening its air space to foreign airliners, according to officials of the Ministry of Foreign Affairs Wednesday.

North Korea became the 100th signatory to the International Air Services Transit Agreement (IATA) by joining the IATA on Feb. 6, said the officials.

The agreement grants member countries the right to impose transit fees and designate airline routes on foreign airliners flying over the North's air space, so countries that want to put their airliners over North Korean skies should conclude bilateral aviation agreements with Pyongyang, said the officials.

By joining the IATA, North Korea is highly likely to start aviation talks with the United States, Japan and other Western countries for opening direct air routes, according to the officials.

It also paved the way for the opening of an air route linking Seoul, Pyongyang, Beijing and Tokyo but inter-Korean relations must first improve drastically, according to the officials.

North Korea may also open direct routes between Pyongyang and Tokyo or Washington, said the officials.

North Korea had officially expressed its willingness to join the IATA on Dec. 8, 1994.

North Korea currently operates five international routes linking its capital and Beijing, Moscow, Bangkok, Sofia and Khabarovsk.

Asia-Pacific Peace Group Rejects North Proposal*SK2202030695 Seoul YONHAP in English 0249 GMT
22 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—The Asia-Pacific Peace Foundation rejected Wednesday the North Korean Asia-Pacific Peace Committee's proposal for

a conference of their representatives, saying that "We have no intention to accept the North Korean proposal at the moment."

Chief Secretary Chong Tong-chae of the Asia-Pacific Peace Foundation made the rejection, saying, "The foundation has persistently maintained that dialogue must first be held between the authorities of South and North Korea."

Chairman Kim Yong-sun of the North's Asia-Pacific Peace Committee reportedly made the proposal Tuesday in a letter addressed to Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, to discuss joint sponsoring of events on Aug. 15 commemorating the 50th anniversary of the nation's liberation from Japanese rule and convening a grand national rally.

"The Asia-Pacific Peace Foundation has not received any letter from the North related to events commemorating the 50th anniversary of the nation's liberation," Chong added.

DPRK Envoy: South Not Allowed at Festival

*SK2202081995 Seoul YONHAP in English 0759 GMT
22 Feb 95*

[FBIS Transcribed Text] Beijing, Feb. 22 (YONHAP)—North Korea will not permit South Korean nationals to visit the communist country for the International Cultural and Sports Festival to be held in Pyongyang in April, North Korean Ambassador to Beijing Chu Chang-chun said Wednesday.

In a press conference he voluntarily held for foreign correspondents active in Beijing, Chu said that no South Korean nationals will be allowed to enter North Korea although it welcomes the visits by all other nationals, including Americans and Japanese and even Koreans who possess foreign citizenship while residing in overseas countries.

The North Korean envoy made the remark while describing the program schedule of the international festivity for which Pyongyang has been launching massive propaganda.

In this connection, a travel agency in Bangkok, which has business ties with North Korea's international tourist bureau, recently carried an advertisement in some Thai newspapers that claimed South Koreans were able to travel to North Korea during the period of the festival.

Chu also said that North Korea's Workers' Party and the government have adopted a policy offering more opportunity for foreigners to come into contact with Korean culture and his statement is an acknowledgement of Pyongyang's decision to open its door to foreign tourists to ease the severe shortage of foreign currencies.

He also said that North Korea's de facto leader Kim Chong-il, will take part in the Pyongyang festival, adding that North Korea will provide the foreign tourists with the opportunity of lodging at private houses or else staying in world-class hotels if they want.

North Said Seeking 'Elixir of Life' for Kim

*SK2202072995 Seoul YONHAP in English 0720 GMT
22 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—Amid the ever-spreading rumors that Kim Chong-il is suffering

from diabetes and heart problems, North Korea has sent secret missions to foreign countries known for the longevity of their people in search of the elixir of life for Kim.

North Korea watchers here said Wednesday that North Korean physicians, having checked Kim Chong-il's health conditions after his father's death in July last year, are now focusing on preparing or seeking a restorative panacea for the junior Kim.

As part of this effort, secret missions have already been sent to Taiwan, Japan, China, Russia and the Caucasus in search of the elixir of life, and the missions to Taiwan and China have already got such rare Chinese folk medicines as swallow's nests and droppings and other cures for lung troubles.

In the late 1980s, North Korea set up a research institute for Kim Chong-il's long life separate from the similar laboratory for Kim Il-song's health. In addition, it started in the early 1980s collecting rare medicines for the junior Kim's health.

Na Ung-pae on Reactors for North, Geneva Accord

*SK2202052995 Seoul CHOSON ILBO in Korean 22
Feb 95 p 2*

["Summary of informal session" with Na Ung-pae, newly appointed deputy prime minister and minister of the National Unification Board, and reporters at Seoul's Kimpo International Airport on 21 February]

[FBIS Translated Text] On 21 February, newly appointed Deputy Prime Minister and National Unification Board Minister Na Ung-pae said: "I will work so that the DPRK-U.S. Geneva agreement is sincerely implemented." As the chairman of the National Assembly's Foreign and Reunification Committee, he was paying an industrial inspection visit to Malaysia upon the invitation of the Malaysian Government. He returned on the evening of 21 February and held an informal session with reporters at the VIP suite of the No. 2 terminal at Kimpo International Airport, and said: "I will work to resolve the economic and cooperative issues with North Korea through a broad perspective." Following is the summary of his informal session.

[Reporter Ku Song-chae] What is your impression of your appointment?

[Na] I have been entrusted with an important mission at a difficult time when the issue of dialogue has not yet been resolved in South-North relations. The reunification issue and the issue of reconciliation and cooperation between the South and North are issues of great interest to the people. I will do my best so that the South and North can rise to the level of cooperation and reconciliation.

[Ku] It has been suggested that you are not an expert in South-North relations.

[Na] I have mainly dealt with economic issues but I have been observing various phenomena regarding South-North relations for over a year-and-a-half at the National Assembly's Foreign and Reunification Committee, and I have

been served as its chairman since July 1994. I have weak points, but I will carry out my work with the cooperation of the people.

[Ku] Where will you put emphasis in your policy-making?

[Na] I will work so that the agreement concluded between the United States and the DPRK in October 1994 will be sincerely implemented. I will work so that this process can be achieved in accordance with the spirit of the basic agreement concluded between the South and North in 1992. I will also work so that South-North economic cooperation, which is only at its beginning stage, can move toward the road of mutual economic cooperation if North Korea shows a sincere attitude.

[Ku] Side effects are rising in the process of economic cooperation.

[Na] I do not know about this matter in detail. I will work to resolve the economic cooperation issue through a broad perspective.

[Ku] How do you differentiate the economic issue with the reunification issue?

[Na] I will foster the economic aspect between the South and North so that it will be of help in the direction of the people's desire for reunification.

[Ku] It seems that there is dispute between the United States-DPRK and ROK-United States in connection with how to call the ROK-type light-water reactor which is to be provided to the North.

[Na] The ROK must play a central role in assisting the North with the light-water reactor. This may be an epoch-making opportunity in improving South-North relations. I will work to solve the light-water reactor problem so that South-North relations can be resolved.

[Ku] What is your assessment of the Geneva agreement between the United States and the DPRK?

[Na] I am somewhat dissatisfied with the agreed upon matters. For example, we, the concerned party of the negotiations, did not take part in the agreement, and the special inspection [tukpyol sachal] has been postponed.

[Ku] What is your general view on the North?

[Na] North Korea is in a difficult situation. I will focus on my work to improve South-North relations.

Deputy Premier's Address Stresses N-S Dialogue

SK2202073895 Seoul YONHAP in English 0725 GMT 22 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)—The newly-appointed deputy prime minister for unification, Na Ung-pae, vowed Wednesday to exert himself to further exchange, cooperation and dialogue between South and North Korea.

In an address delivered at his inaugural ceremony at the National Unification Board Wednesday morning, Na said, "I'll concentrate my efforts to create a foundation for

national unification through inter-Korean exchange, cooperation and dialogue, focusing on the maintenance of peace on the Korean peninsula."

To ease tension on the Korean peninsula, he said, the North Korean nuclear program should be frozen based on the Washington-Pyongyang nuclear framework agreement, denuclearization should be realized eventually on the peninsula, and a new framework should be established for inter-Korean dialogue.

Noting that exchanges in private business, academic and cultural circles are bound to accompany future developments in inter-Korean relations, the scholar-turned politician said, "We will redouble our efforts to expand the scope of exchanges with the North by resolving tasks scrupulously in collaboration with various walks of life."

"Inter-Korean economic cooperation also should be resolved with patience with a hopeful perspective of cooperation between the South and North and a patriotic stand to ease tension on the Korean peninsula," the country's top unification policymaker added.

DLP: Keep 'Resolute Stance' Toward North

SK2202021295 Seoul YONHAP in English 0204 GMT 22 Feb 95

[FBIS Transcribed Excerpt] Seoul, Feb. 22 (YONHAP)—Yi Chun-ku, chairman of the ruling Democratic Liberal Party (DLP), reaffirmed Wednesday the government's plan to hold local elections on June 27 as scheduled, but still advocated talks on restructuring administrative units. [passage omitted]

With regard to the provision of light-water nuclear reactors to North Korea, Yi called on the administration to maintain close cooperative relations with the United States and Japan so that the country can play a central role in the project. He then urged the government to retain a resolute stance toward North Korea to compel the communist country to give up its nuclear programs and activities.

'Turning Point' Urged in N-S Ties

SK2202035095 Seoul KBS-1 Radio Network in Korean 0100 GMT 22 Feb 95

[Excerpt of speech by Yi Chun-ku, chairman of the ruling Democratic Liberal Party, at the 172d extra session of the National Assembly in Seoul—live]

[FBIS Translated Excerpt] My dear fellow countrymen, respected speaker and lawmakers of the National Assembly, and prime minister and members of the cabinet: I am here today in my capacity of representative of the ruling party, to express my conviction and hopes regarding the management of state affairs before the National Assembly which has convened for the first time this year. [passage omitted on domestic affairs]

Prime Minister and members of the cabinet, our relations with the four major powers, namely, the United States, Japan, China, and Russia, play a central role in a foreign policy in which North Korean issues have played a key role.

As regards the supply of light-water reactors to the North, our country must assume a key role by closely cooperating with the United States and Japan, helping the smooth launch of the Korea Energy Development Organization, and convincing North Korea to freeze and abandon the development of its nuclear capability for good. In this process, the government ought to make efforts so that a turning point may be brought forth for the improvement of inter-Korean relations.

Although North Korea is expected to exercise its notorious brinkmanship tactics in the negotiation for the signing of an agreement for the supply of light-water reactors, we should not be outdone by this but maintain an even firmer position toward North Korea.

While our security and reunification diplomacy must place more weight on our relations with the United States and Japan, we ought to promote balanced political relations with China in conformity with our expanding economic and trade relations with China, and consistently promote friendly and cooperative relations with Russia as well. [passage omitted]

Foreign Ministry: North Loggers, Official Defect
SK1802011695 Seoul YONHAP in English 0108 GMT 18 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 18 (YONHAP)—Two North Korean loggers from Siberian logging camps and a North Korean agricultural official flew into Seoul Saturday [18 February] after they defected to the Commonwealth of Independent States (CIS) region, according to the Ministry of Foreign Affairs.

The loggers are Kim Pong-chan, 33, and Chon Song-chol, 34, and the official is Yi Min-pok, 38.

A ministry spokesman said that the defection of the two loggers brought to 25 the total number of North Korean loggers that have defected to South Korea.

He said that the South Korean Government will continue to allow North Korean loggers defecting from Siberian logging camps to settle in the country for humanitarian reasons.

The defectors had to go through legal procedures in Russia to get refugee status, said the official.

Reasons for Slowing N-S Cooperation Explained
SK2002081495 Seoul TONG-A ILBO in Korean 20 Feb 95 p 2

[By Pak Che-kyun]

[FBIS Translated Text] The government has started to strongly tighten the reins of South-North economic cooperation. Moves to slow down the speed of South-North economic cooperation by the government appeared late last year.

In November 1994, the government took measures to activate South-North economic cooperation and planned to further expand South-North economic cooperation through

dialogue between authorities. This was, of course, intended to find a way to hold South-North dialogue through economic cooperation.

Nevertheless, North Korea "heartlessly" rejected dialogue for economic cooperation between authorities. Therefore, since December 1994, the government has put forth dialogue between authorities as a precondition to expand economic cooperation.

Also, excessive competition by businesses made the government shrink all the more. South-North economic cooperation allowed by the government in November 1994 was limited to model projects, mainly in the light industry sector. The government even specified items such as electronic parts, clothes, stuffed toys, socks, purses, leather, ramyon, noodles, soybean paste, thick soy paste mixed with red peppers, spices, sugar, edible oil, soap, toothbrushes, and toothpaste. However, the businesses that visited North Korea ignored the government's guidelines and agreed with North Korea on large-scale investments through investment consultations with North Korea. It was learned that some conglomerates agreed to invest in infrastructure projects such as construction of communications networks.

This, of course, comes from the spirit of the entrepreneurs "to give priority to investments in North Korea." However, this directly runs counter to the government's policy of using large-scale investments as a bait to lure dialogue between authorities.

Furthermore, strong rumors of dealings carried out by giving out bribes also irritated the government. There were rumors that thousands to hundreds of thousands of dollars were given to the North Korean economic cooperative authorities. It was learned, as a result of an investigation conducted by the Ministry of the National Unification Board and intelligence authorities, that a large part of these rumors are "probable."

In this connection, in February, Deputy Prime Minister Kim Tok strongly raised the issue of dealings carried out by giving out bribes and large-scale investments. Early this week, the government will reveal the results of its investigation and measures regarding this matter.

The authorities explain that another reason the government is strongly tightening the reins of South-North cooperation is that the DPRK-U.S. nuclear agreement is not being implemented smoothly. In particular, there is talk that a political situation has been created as a result of concern over the agreement on supplying the light-water reactor because North Korea strongly expressed that it rejects the ROK-type light-water reactor.

With the government tightening the reins, it seems that the speed of South-North economic cooperation will be slowed down considerably. Most of the follow-up consultations between the businesses that are to visit North Korea and the North Korean economic cooperation authorities slated for this month in Beijing are being postponed. It seems that the visit to North Korea by Hyundai, LG, and Tongyang Group,

that already received permission from the government, will be delayed for a long period of time.

Rumors out of South Korea about dealings carried out by giving out bribes is also making the North Korean authorities shrink. Therefore, it was learned that the Koryo National Industry Development Association, the Committee for the Promotion of External Economic Cooperation, and the Beijing office of the Mt. Kumgang Trade Development, which are the channels for economic cooperation with South Korea, have been integrated as an international cooperative general bureau and is currently being restructured.

Fisheries Cooperatives Study Ties With DPRK

SK2202043595 Seoul THE KOREA TIMES
(Supplement) in English 22 Feb 95 p 3

[FBIS Transcribed Text] The National Federation of Fisheries Cooperatives (NFFC) will seek cooperative ties with North Korea this year to prepare for the unification of the peninsula amid the thawing mood, said NFFC chairman and president Yi Pang-ho.

"I believe that inter-Korean fisheries exchange will be important for fishermen of both Koreas," said Yi in an interview with THE KOREA TIMES.

The International Cooperative Alliance (ICA) will become a plaza for contacts as North Korea is expected to send delegations to the biennial general assembly and other meetings of the ICA, Yi said.

"A North Korean consumers cooperative body is expected to attend the ICA general assembly scheduled for October in London. I will meet the North Korean delegation there and suggest exchanges of information on the fishery and its associations as an initial stage," said the NFFC chief.

As an able leader of the fisheries community, Yi, 50, was reelected as chairman for another four-year term in April last year, winning 92.5 percent of the total eligible votes.

The NFFC will make efforts to help North Korean fisheries bodies join the Fishery Committee of ICA for mutual and multilateral cooperation via the world body, Yi said. It is not known what kinds of fisheries bodies exist in the North.

Yi said that the NFFC will strengthen cooperative relations with neighboring nations of Japan, China and Russia to cope with changing environment.

"We neglected international exchanges a little last year as we emphasized internal management for solid foundation. But this year we will look outward," Yi said.

First, the NFFC plans to seek substantial and consistent cooperation with its Japanese counterparts. The federation will hold a conference with Japanese National Federation of Fisheries Cooperative Federation in Seoul in April to discuss topics related with future-oriented cooperative movements, Yi said.

The topics will include exchanges of fisheries information and publications, get-togethers of young fishermen, presentation of living experience by women in the fisheries community, exchange visits of cooperatives and exchange of opinion on credit business and organizations, according to Yi.

Yi said, "Both Korean and Japanese fishermen have been losing their fishing ground due to decrease of marine resources around the two nations and it takes long time to restore devastated fishing ground. We will discuss ways of preserve marine resources at sustainable level."

The NFFC will hold another meeting with the Japan Fisheries Association in June in Tokyo under the Korea-Japan nongovernmental fishery agreement reached by the two fishery organizations in 1965.

The two sides will discuss matters of prevention of marine accidents and preparation for measures for prompt settlements of incidents, methods to maintain the fishing order in specific sea and safety works of fishing boats on the common fishing ground between the two nations.

The federation will contact its Chinese and Russian counterparts to promote cooperation in the fisheries field.

NFFC is one of three key cooperative bodies along with those for farmers and livestock farmers in Korea, with 82 member cooperatives and a total of 162,987 cooperative members nationwide.

To cope with the changing environment, including the inauguration of the World Trade Organization (WTO), the NFFC has downsized its body, scrapping four departments and cutting manpower by 15 percent nor 81 to 472 persons at the headquarters.

Instead, three business teams have been founded to strengthen trade business, distribution and in direct sale in the flooding of foreign marine products.

Korea opened domestic market for 302 marine products or 87 percent of the total 348 items as of last year end and the markets for the remaining 46 items will open by 1997.

Banking and credit business in provincial cooperatives will be put under direct control by the headquarters for independent operations away from the cooperative business.

Yi said that specialist dealers will be positioned at banking corners to beef up international financing business.

The federation will pour 4,327.4 billion won in various projects this year, 20 percent or 715 billion won more than last year. The fund breaks down to 674.2 billion won for economic business, 84.9 billion won for guidance of fishermen, 3,463.3 billion won for banking and credit business, 105 billion won for cooperative insurance business.

NFFC will focus on the distribution, strengthening the function and expanding the facilities. Three direct sales centers will be built in Mullae-tong, Chamwon-tong and Chunggok-tong in Seoul this year at cost of 91.8 billion won, while completing two similar ones in Tunchon-tong and Oebalsan-tong this year.

A deep sea fish distribution center will be constructed on a site of Port of Kamchon in Pusan by 1997. The center will accommodate a cold storage house holding 20,000 tons of fish, processing facilities and sales halls.

Fishing fund will increase from 700 billion won last year to 750 billion won this year which will be financed to those fishing at coastal and deep seas.

The federation will raise 1,000 billion won in banking business this year to bring the banking fund to 6,100 trillion won by the end of this year.

The fund will break down to 4,212.3 billion won in cooperative insurance, \$1 billion won in foreign exchange service, 7,500 billion won in deposits and 300 billion won in sales of credit cards.

Upon elected as NFFC president in 1990, Yi carried out three-year campaign to raise 3 trillion won over the three years by 1993 and but the goal was achieved in two years, one year earlier than projected.

To attain this year's goal, 17 banking shops will open this year, 365-day automation banking corners will be set up at 17 shops, seven deposit commodities will be introduced and mutual banking corners will be set up at 20 shops.

The federation will finance 68.6 billion won at low interest rates to member cooperatives to help improve their financial statement. Scholarship will be paid to 470 exemplary students and 1,700 students whose parents have subscribed cooperative insurance.

A fishery economic research institute will be set up so that it may conduct researches and surveys for the fishing industry.

The federation was established in April 1962, to create rich fishing villages through democratic cooperative organizations, to improve the social and economic status of fishermen, to enhance productivity of fisheries industry and to increase income of fishing households.

Major functions are fishing guidance, assistance in production, assistance in marketing, assistance in finance and assistance in safe fishing operation.

Guidance service is composed of guidance for fishing village, education and public relations, survey & research and managerial consultant services.

Assistance in production includes joint purchase of fishing equipment and materials, supply of oil for fishing boats and supply of necessities of life.

Assistance in finance includes deposit, loan, foreign exchange services, foreign loan, mutual banking and trust.

Need To Pursue PRC 'Political Relationship'

SK1802101295 Seoul KBS-1 Radio Network in Korean 0922 GMT 18 Feb 95

[FBIS Translated Text] With regard to its policy toward the four big powers surrounding the Korean peninsula, the National Unification Board has stressed the need to seek a

political relationship between the ROK and the PRC equivalent to the close economic relationship existing between the two countries, while noting that the PRC's two Koreas policy will be visibly pursued.

On 18 February, Kim Tok, deputy prime minister and minister of national unification, presented a report on an analysis of the Northeast Asian situation and a response to the fourth meeting of the Committee for the Promotion of Globalization held at the Government Building Complex under the chairmanship of Prime Minister Yi Hong-ku. In the report, Kim Tok said: The PRC is pursuing a policy of seeking a balance of power by using its relations with Japan and the ROK in improving its relations with the United States, while opposing one country's hegemony—that of the United States—in Northeast Asia.

PRC Academy Official Views Beijing-Seoul Ties

SK2102134495 Seoul CHUNGANG ILBO in Korean 20 Feb 95 p 7

[From the "CHUNGANG Overseas" column by Ru Sin, vice president of the Chinese Academy of Social Sciences, on ROK-PRC economic and political exchange]

[FBIS Translated Text] ROK-PRC relations have developed at an amazing speed in the fields of political and economic exchange and mutual cooperation despite the fact it has only been a short period of two years since establishment of diplomatic relations. The development in relations between the two countries is playing a very important role in maintaining stability and prosperity in the Northeast Asian region amid the rapidly changing international situation.

Greeting another new year, what direction will the relations of the two countries develop? In recent years the two countries' economic exchanges and cooperation have developed remarkably. As a result, last year the trade volume between the two countries reached \$12 billion. Such a rapid development is indeed unprecedented in world trade.

At present, China is the third trade partner of the ROK, and the ROK is the sixth trade partner of China. Scholars have predicted that such rapid development will continue for the time being because the two countries are in an economically complementary position.

The same is the case for ROK's investments in China. For ROK enterprises, China has been a spotlight as their first overseas investment market, and the amount of their investments has already exceeded \$1.3 billion. In addition, the two countries are promoting cooperation in major industrial fields, such as medium-type aircraft, automobiles, all-automated next-generation telephone switchboards, and high-definition television sets.

Despite the economically complementary relationship between the two countries, however, it may be inevitable for them to experience discord and conflict occasionally. What we should keep in mind is that rather than such discord and conflict, their existing complementary relationship will play

more of a leading role in their economic cooperation and that their economic exchange and cooperation will surely be beneficial.

In this sense, common economic interests between the two countries are a main factor in more closely and more strongly maintaining their present relations.

Maintaining friendly relations between the two countries is also very important and conducive politically. China, which is concentrating all efforts on construction for modernization, requires stable international circumstances, which particularly necessitates maintaining friendly relations with neighboring countries.

Preserving peace, stability, and detente on the Korean peninsula, realizing denuclearization there; and resolving the nuclear issue through peaceful negotiations are not only the ardent tasks the two countries should resolve in the future, but are also the issues that are directly related to the stability and interests of the two countries.

China will not seek any selfish interests on the Korean peninsula and sincerely hopes that North and South Korea will achieve national reconciliation and peaceful reunification through dialogue. Toward this end, China will play an active role, and this accords with the basic interests of the people in the ROK. Of course, it is impossible for the two countries to reach a complete agreement on some international issues. However, needless to say, the two countries have the need to develop friendly relations politically.

Summing up these points, it is clear that the ROK and China have the common need and interests to develop both political and economic relations. This is why the two countries should do their best to further develop their relations and to further promote their relations of friendship and cooperation in the future.

It will be unfortunate for the people of both countries if the relations between both countries reach a barrier. I firmly believe that politicians of the two countries will not allow such an unfortunate situation to take place. Therefore, I am confident that the relations between both countries will continue to develop.

Seoul Agrees To Increase Australian Beef Value

SK1802010795 Seoul THE KOREA HERALD in English 18 Feb 95 p 9

[FBIS Transcribed Text] Korea has agreed with Australia and New Zealand to increase the import volume of grass-fed beef to be put on public auction at wholesale markets from 1,000 metric tons last year to 4,000 metric tons this year, the Ministry of Agriculture, Forestry and Fisheries said yesterday.

The two beef exporting countries have, in return, agreed to exclude the Korea Meat Industries Association (KMIA) from the allocation of an additional 3,000 metric tons of imported beef set for this year under the simultaneous buy and sell (SBS) system as requested by Seoul.

The agreement came one day after a series of bilateral quarterly beef consultation meetings held sequentially between Korea and Australia, New Zealand and the United States, which concluded Wednesday [15 February].

The United States had already agreed on the exclusion of KMIA from the allocation at the previous Korea-U.S. beef consultation meeting held last October in Seoul.

Under the SBS system, which has been in effect since August 1993, the KMIA and five other organizations, the so-called "super-groups," are entitled to directly contact foreign beef sellers in the three beef exporters for imports.

The other five are the National Livestock Cooperatives Federation (KLCF), Korea Cold Storage Co. (KCSC), Korea Tourist Hotel Supply Center (KTHSC), Korea Restaurant Supply Center (KRSC) and the Korea Super Chain Association (KOSCA).

The Korean Government, accordingly, finalized the six organizations' beef import quotas, including the SBS share, for this year: 5,582 metric tons each for KLCF and KCSC, 5,762 metric tons for KTHSC, 4,212 metric tons for KRSC, 8,644 metric tons for KOSCA and 1,118 metric tons for KMIA.

Korea, citing the nature of KMIA as a group of meat processing firms, raised opposition to a repeated U.S. call for KMIA's wholesale marketing of imported beef from the United States under the SBS system without processing it in the domestic market.

Under the record of understanding (ROU) reached with the three beef exporters in July 1993 which hammered out the SBS agreement, Korea's beef import quotas were set at 99,000 metric tons for 1993, 106,000 metric tons for 1994 and 113,000 metric tons for 1995.

Following the conclusion of the Uruguay Round of multilateral trade talks in the agriculture sector in December 1993, Korea's beef import quota for 1995 was increased by 10,000 metric tons to 123,000 metric tons.

Of the increased amount, the SBS share was set at 3,000 metric tons with the remaining 7,000 metric tons being taken up under the general tender system.

Streamlining of Overseas Mission Network Studied

SK1802031095 Seoul YONHAP in English 0238 GMT 18 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 18 (YONHAP)—South Korea will consider streamlining its overseas diplomatic mission network to take part in the government's efforts to pursue a small and effective government, according to a high-ranking official at the Ministry of Foreign Affairs Saturday [18 February].

"North Korea's Kim Il-song had told North Korean diplomats that they should shift their diplomatic focus to such powerful countries as the United States, Japan and Asian countries from nonaligned countries," said Vice Foreign

Minister Yi Si-yong quoting a former North Korean diplomat who defected to South Korea years ago.

Briefing reporters on the outcome of the five-day annual home meeting of overseas mission chiefs that ended Friday, Yi also said, "The time has passed when we tried to block North Koreans from normalizing relations with countries with which we have maintained close relations."

He said that the South Korean Government will handle the issue from a pragmatic standpoint while focusing on the pace of North Korea normalizing relations with Seoul's allies.

Quoting a former diplomat from Pyongyang as saying that "Kim Il-song once told North Korean diplomats that the North would have to draw support from powerful countries rather than nonaligned nations to survive from now on because third world countries had become powerless," the foreign minister said [sentence as received]. North Korea has actually withdrawn some of its missions from third world countries after the remarks by Kim Il-song, showing a change in its diplomatic policy.

Yi got the message when he led overseas mission chiefs to the Agency for National Security Planning (NSP) Friday, the last day of the annual home meeting, to be briefed on the nation's security issues.

In this connection, the ministry will consider streamlining its overseas organization without thinking about the Cold War era concept of diplomatically confronting the North, said the vice foreign minister.

On the issue of promoting quality performance of foreign service officials, he said that most of the overseas mission chiefs agreed on the introduction of a new performance evaluation system in which they will have to present a lengthy report after concluding a tenure at a foreign mission and the incentive of benefits for language proficiency in the country where they served.

National Assembly Opens Extra Session 20 Feb
SK1902105795 Seoul YONHAP in English 0939 GMT 19 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 19 (YONHAP)—the National Assembly opens tomorrow its 172th extra session lasting 16 days until March 7.

The National Assembly's first legislative meeting this year has a heavy agenda, and the first business of the opening session will be to elect officially Rep. Yi Han-tong, vice speaker and Rep. Hyon Kyong-tae, chairman of the Operations Committee of the National Assembly, following an opening ceremony tomorrow afternoon.

On Tuesday, President Kim Yong-sam's New Year's policy speech will be delivered by Prime Minister Yi Hong-ku on behalf of the president at the National Assembly in Yoido, Seoul.

On Feb. 22, and 23, presidents of major political parties are scheduled to address the assembly.

The sessions on Feb. 27 and until March 2 will be devoted to government policies on reunification, diplomacy, security and economic issues. On March 3, legislators will work on the revision of the National Assembly law to allow for the reorganization of the standing committees in line with the restructuring of the government ministries last December.

And then, chairmen of the standing committees will be elected, which will be followed by queries from the floor on social and cultural policies.

Both opposition and ruling party parliamentarians will try to finalize works connected with reorganization of election districts for the general elections next year to elect the lawmakers for the 15th National Assembly.

The extra session will also take up the issues related with the revision of administrative regions in the country brought up by the ruling Democratic Liberal Party (DLP), and measures in relief of drought conditions, perhaps the worst in history, now sweeping the southern regions of the country.

The ruling party circles will try to secure opposition support for its plan to redraw administrative regions in the country before the four big local elections are due in June during the extra session—at least secure opposition agreement for a National Assembly facility to discuss the issues.

Opposition lawmakers led by Democratic Party members are unlikely to cooperate with the ruling side on the matter, suspicious that it could be a scheme to put off the local elections.

Also on the agenda will be the revision of the Bank of Korea law to give a complete independence to the central bank from the government, and follow-up support measures for agriculture-fishery sector in preparation for liberal foreign farm produce imports from this year under the World Trade Organization regime.

DLP 'Moving' To Restudy Local Elections Issue
SK2002042795 Seoul YONHAP in English 0355 GMT 20 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 20 (YONHAP)—The ruling Democratic Liberal Party (DLP) is moving toward a comprehensive review of the controversial issues involving local elections, despite the opposition party's rejection for the move and the controversy surrounding the Agency for National Security Planning (NSP)'s reported directive to study postponing the polls.

DLP Secretary-General Kim Tok-yong emphasized Monday [20 February] the need to discuss all issues related to the local autonomy system on the basis of national interest and claimed that the "responsible" political parties must not avoid discussing the issues despite the burden arising from the trouble caused by the revelation of the NSP's directive and opposition party's objection.

Kim said that the ruling and opposition parties should seriously discuss the local autonomy-related issues to promote national interests and political development as well as people's convenience.

In this connection, the government party is reportedly planning to work out supplementations to the country's local autonomy system by dividing the programs into the two parts of pre-election and post-election.

As a result, the DLP is set to prepare for reformative schemes after undergoing an intra-party debate that would call for reducing the present three-tier local administration into two stages, changing the "ku" (ward) of the country's largest cities including Seoul to a "semi-local" autonomy unit, and excluding the political parties from participating in the local polls.

"We have already formed a consensus on what we can do before the local elections and what is possible after the polls," Kim emphasized. "There must be something we can do right now after revising the pertinent laws."

In particular, the ruling party is considering taking part in the local elections in June in case the opposition parties would agree on the plan to exclude the political parties from the polls.

As to the nomination of candidates by the political parties, Kim had asserted that there was no change in the party position to conduct the June elections as scheduled and maintained that a political device should be made to remove the regional hegemonism among political parties.

With regard to the alleged NSP documents directing to study the postponement of the local elections, Kim claimed that he had no knowledge of the NSP's operation, adding that the NSP might disclose its own position.

"I have completely no knowledge of what conclusion the NSP has made," he said.

DP Views NSP Document on Postponing Elections

SK2002101095 Seoul YONHAP in English 0746 GMT 20 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 20 (YONHAP)—A whirlwind is expected to hit the country's political arena as the Agency for National Security Planning (NSP) is confirmed to have studied the possibility of postponing the local elections slated for June.

So far, the government party has officially maintained the position that the local polls will be held as scheduled despite some problems involving the local autonomy system.

The main opposition Democratic Party (DP) disclosed Monday that the NSP distributed a classified document last November to its branch offices across the country directing them to work out ways to foster public opinion favorable to postponing the local election and to report the results of their contacts with people from all walks of social life.

Copies of the secret document, titled "A Study on the Issue of Postponing Local Elections," were collected by DP's Supreme Council member Kwon No-kap and made public by the opposition party.

In the document, the NSP asked the branch offices to study the necessity of election postponement, its pros and cons, the possibility of national referendum and the revision of the related laws in case the local polls are to be put off.

As the NSP scheme was disclosed at the DP's Supreme Council and caucus meetings, the opposition party resolved to boycott any proposal by the ruling party to form a consultative organization, claiming that the NSP's action and the ruling party's demand for negotiations on revamping administrative units "stemmed from their plot to put off the local polls."

The DP also agreed to take all-out countermeasures against any government scheme to put off the elections and to launch a movement with the people seeking to overthrow the incumbent government if the ruling party continues to move toward the postponement.

In connection with the opposition revelation of the document, the NSP explained that it intended only to gather public opinion on a purely practical level for fear that the national opinion might be split over the local elections.

The NSP's public information office said that it was only designed to see the merits and demerits of the election postponement as it emerged as a political issue last November.

"We only wanted to see the public opinion from the study, as the issue of the election postponement, if prolonged further, would eventually divide the national opinion and bring about confusion in the country's political arena," the NSP remarked.

Meanwhile, the ruling Democratic Liberal Party (DLP) is set to push for revamping some administrative units before the local elections while maintaining that it has nothing to do with the NSP's directive.

The DLP is also planning to persuade the opposition party to cooperate in organizing a consultative body to debate the controversial issue during the incumbent extraordinary National Assembly session.

Institute: Economy Grew 8.5 Percent in 1994

SK1802004395 Seoul THE KOREA TIMES in English 18 Feb 95 p 16

[FBIS Transcribed Text] The Korean economy grew 8.5 percent in 1994 over the year before, said the Korea Development Institute [KDI], a government-financed think tank.

The KDI's estimation is higher than 8.3 percent.

The KDI said the gross national product (GNP), the total output of a nation's goods and services, expanded at a higher-than-expected 9.5 percent in the fourth quarter of last year.

Nam Sang-u, a senior fellow of the KDI, said, "The economy is estimated to have grown 8.5 percent in 1994, higher than the 8.3 percent figure put out by the central

bank. There are signs that the economy is entering an overheating state and the government must implement a retrenchment policy."

But he, like other government officials, fell short of definitely saying the economy is overheating.

The Ministry of Finance and Economy and the Bank of Korea have emphasized stability over growth in this year's economic policies.

The government's current view about the economic state is quite different from that of business concerns. Contrary to government economists, the business community has argued that the nation's economy is far from overheating.

Federation of Korean Industries [FKI] Chairman Choe Chong-hyon recently said the government should not take measures to cool-down the economy because it is not overheating, even though he was forced by government officials, who were angered by his remark, to retreat his remarks later.

The government is moving to adopt a retrenchment policy braving business groups' opposition.

If unchecked, the economy will overheat causing a labor shortage and increase inflationary pressure, government officials say. What concerns them is the contents of economic expansion. The KDI said economic growth is tilting toward being spurred by domestic consumption and a construction boom.

Private research institutes including Daewoo, Samsung and Hyundai advocated a business circle's stance that the government should refrain from adopting a tighter money policy because it will undermine the potential for further growth.

Business groups, led by FKI, have criticized the government's move to cool the economy and railed against rising interest rates. Corporate bond yields remain above 15 percent, about 3 percentage points higher than the year before.

However, Nam of the KDI said, current interest rates are not a great concern considering the strong economic growth and international interest rates trend.

"Despite the rather high interest rates, the government must further tighten its rein on money policy to prevent the economy from overheating," he said

The KDI forecast that the economy will grow 7-7.5 percent this year.

Ministry Reports Farming Products Import Figures

SK2202043795 Seoul THE KOREA HERALD in English 22 Feb 95 p 8

[FBIS Transcribed Text] Of the 154 farming products whose imports were liberalized Jan. 1 this year, 42 items worth \$117 million were shipped into the nation in January, according to a provisional tally by the Ministry of Agriculture, Forestry and Fisheries.

The figure represents a rise of \$17 million in import amounts from the same period last year.

Of 66 other farming goods, whose imports still require relevant agencies' approval, 14 products worth \$41 million were brought into the country last month, showing a decrease of \$13 million from the corresponding period last year.

In all, 56 agricultural products worth \$158 million were imported last month, up 3 percent in import amounts from the same month last year, the ministry said.

Of the total, 21 items saw their import amounts growing last month, including corn, sesame oil, garlic, cheese and grape juice (whose imports were liberalized Jan. 1) along with natural honey and cocoons (whose imports require relevant organizations' approval).

Imports of 24 items, however, declined from a year before, including soy beans, potato starch, green tea, oranges, orange juice, beef and butter.

The ministry attributes the low level of import items and import amounts since the opening of the local farming market to high tariffs and emergency import duties imposed on farming imports.

But it forecasts a surge in imports of foreign farming goods in case either the prices of domestic agricultural goods jump because of poor crop harvests at home or due to the plummeting prices of international farming goods.

Burma**Government, Sumitomo of Japan Agree on Trade***BK2202014195 Rangoon Radio Myanmar in Burmese
1330 GMT 21 Feb 95*

[FBIS Translated Text] A ceremony to sign a memorandum of understanding [MOU] between the Ministry of National Planning and Economic Development and the Sumitomo Corporation of Japan on bilateral cooperation in trade and investment for the economic development of the Union of Myanmar [Burma], was held at the Myanmar Investment Commission Office at the corner of Merchant and Shwethontha Roads at 1230 this afternoon.

At the ceremony, Brigadier General Abel, minister of national planning and economic development, and Mr. Tatashi Ito, chairman of Sumitomo Corporation, signed the MOU on bilateral cooperation.

Karen Rebels Continue Fight in Bilin Township*BK2102161895 Rangoon Radio Myanmar in Burmese
1330 GMT 21 Feb 95*

[FBIS Translated Text] The KNU [Karen National Union] terrorist insurgents are still engaging in destructive activities with intent to kill and maim innocent people earning a humble livelihood.

At 0030 on 4 February, a group of KNU insurgents fired heavy artillery at Zaychay Village in Bilin Township, Mon State. The artillery fire caused explosions at the homes of U Aung Than and U Tin Aung. U Aung Than, 45 years, and his daughter Ma Mu Mu, 10 years, died of shrapnel wounds while Daw Ma Nu, 78 years, and Ma Pyone Khine, 20 years, daughter of U Tin Aung, were wounded. Defense Services personnel from the local regiment and the villagers rushed the wounded to the Township People's Hospital for treatment after giving first aid.

Radio Reports DKBA Captures Kawmura Camp*BK2102144595 Rangoon Radio Myanmar in Burmese
1330 GMT 21 Feb 95*

[FBIS Translated Text] The DKBA [Democratic Karen Buddhist Army] forces under the Democratic Karen Buddhist Organization, DKBO, have captured the Bo Mya led-KNU [Karen National Union] Manerplaw headquarters on 27 January. The capture of Manerplaw has left the KNU with Kawmura or Wa Hka Thit camp along the Myanmar [Burma]-Thai border as its only stronghold.

Kawmura or Wa Hka Thit camp is about 10 miles north of Myawadi in the Karen State and is in the shape of a horseshoe on the Myanmar-Thai border. The Moei or Thaungyin River borders the camp on three sides with the country on the other side [Thailand] and there is only one entrance from our country. The camp, strongly built and guarded with 11 layers of barb wire fence, three layers of trenches, 10 two-story bunkers holding seven persons each, and many bunkers built with teak logs, is the last KNU stronghold and is commanded by Colonel Htaw Hla from the KNU's 101st Battalion with about 800 armed men.

The DKBA forces began their offensive against the said camp on 8 February and successfully captured the camp today. There were casualties from both sides and the Bo Mya-led KNU insurgents fled in disarray across the Moei or Thaungyin River into the country on the other side.

Brunei, Malaysia & Singapore**Malaysia****Australia's Growing Interest in ASEAN Viewed***BK2102134995 Kuala Lumpur Voice of Malaysia
in English 0810 GMT 21 Feb 95*

[Station commentary]

[FBIS Transcribed Text] Late last year, a top-ranking official of a large American corporation predicted that the Indonesia-Malaysia-Thailand Growth Triangle, IMTGT, would become among the most important business locations in the region if it develops a global partnership. Less than two months later, last weekend to be exact, Australian Foreign Minister Gareth Evans said his country's private sector is expected to take an active part in the triangle. The interest shown by Australia could truly be summed up as an effort to have a better economic rapport with the Asian countries, especially those in Southeast Asia.

This has not come as a surprise since as early as March last year, its trade minister Bob McMullan had pointed out that the time had come for Australia to be fully aware on the importance of Asia and start capitalizing on the vast business opportunities in the countries here.

Australia now considers the Southeast Asian region as an awakening giant which should be given due recognition as it has not been very effective in investing in ASEAN in the past. In actual fact, Australia itself is undergoing a transformation by looking outward and having set its sights on the global market place with particular emphasis in the Asia-Pacific region, including Malaysia, where the economic success stories are well recognized.

Toward this end, Australia can no longer regard the Asian market as secondary and should get involved in its fast increasing trade. For example, since 1992, Australia's export to Southeast Asia has increased by 400 percent, 10 times faster than imports and accounts for 60 percent of the country's total exports. In fact, Australian companies of all sizes now realize the importance of internationalizing their business and are looking first to Southeast Asia and are keen to make Malaysia the window to this region.

The IMTGT, which was established 19 months ago with five objectives, one of which is to enhance the competitiveness of the triangle in attracting more investment from local and foreign investors. This is where investors from Australia and other countries should get involved in the vibrant economies of this region since all the three countries in the triangle offer considerable potentials in their own joint cooperation.

The triangle concept will not only help to provide the three countries with the initial catalyst for liberalization of regional and world trade as envisioned by the ASEAN Free Trade Area, AFTA, and Asia-Pacific Economic Cooperation, APEC, but also in making the subregion more attractive to investors through progressive integration of the economies of the subregion.

Since its establishment, about 50 memorandums of understanding, MOU, have been signed between the private sectors of the three countries. Australia's investment in the IMTGT can be considered as timely since the country plans to have a more visible presence here as Southeast Asia is now overtaking Europe as an export market. With proper planning and cooperation, the plan will definitely benefit both sides.

Mahathir on Spratlys Dispute, Burma, APEC

BK2102133395 Kuala Lumpur UTUSAN MALAYSIA in Malay 20 Feb 95 p 14

[FBIS Translated Text] Langkawi, 19 Feb—Prime Minister Datuk Sri Dr. Mahathir Mohamed says Malaysia is confident that the Spratly Islands issue, now causing new tension between China and the Philippines, will be solved through negotiations.

He said Malaysia maintains its stand that China does not pose a military threat to this country or other countries in the region. "We believe that the Spratly Islands issue will be solved through bilateral talks," he said.

"China has also agreed with this view. We are not worried about China's military threat," he added.

Speaking to reporters at the Langkawi airport before returning to Kuala Lumpur, Dr. Mahathir said he had discussed the issue with Australian Foreign Minister Gareth Evans at his office in Kuala Lumpur last night. The prime minister said Evans also wanted to know his views on the situation in Myanmar [Burma], Malaysia's stand on APEC [Asia-Pacific Economic Cooperation], as well as Malaysian-Australian relations.

On Myanmar, the prime minister said the Western countries are not happy with the treatment of Aung San Su Kyi by that country's military regime. She is now under house arrest.

"Burma should be viewed as a whole country; one individual's case should not dominate this issue. We must listen to the voice of the majority of people," said Dr. Mahathir, adding that the country still needs a long time to accept democracy as it is now practiced in Malaysia.

On APEC, the prime minister told the Australian foreign minister that Malaysia does not want to see the economic cooperation forum turned into a trade bloc. APEC member countries should instead be given the freedom to decide to what extent they will implement the resolutions adopted at their recent meeting in Bogor. Talks at the senior official and ministerial level must also be held with Japan before that country presents any draft resolution for the next APEC

meeting. "This will prevent us from opposing any clause in the resolution and forcing us to issue reservations to the resolution," he said.

Commenting on the appointment of Musa Hitam, a former Malaysian deputy prime minister, as chairman of the UN Commission on Human Rights, the prime minister said the appointment is a great honor for Malaysia.

Minister Rules Out Troop Increase on Spratlys

BK2102095795 Kuala Lumpur THE STAR in English 20 Feb 95 p 10

[Report by Leslie Lau]

[FBIS Transcribed Text] Kuala Lumpur: Malaysia will not increase its troop strength in the Spratly Islands because this will only worsen the current tension over the issue between the Philippines and China.

Defense Minister Datuk Sri Najib Tun Razak said yesterday Malaysia could not get involved as the Philippines had acted on its own claims.

"Malaysia will still register its stand that the overlapping claims be solved diplomatically with the Philippines and China," he told reporters after receiving Hari Raya [end of Ramadan month] cookies for Malaysian troops overseas from the UMNO [United Malays National Organization] Wangsa Maji division here.

The Spratly chain is claimed in part or whole by Malaysia, China, Vietnam, the Philippines, Taiwan, and Brunei. Malaysia maintains a naval base in Pulau [island] Layang-Layang which is part of the chain.

Tension in the Spratlys escalated last week when Philippine President Fidel Ramos ordered a strengthening of its military forces there following China's deployment of ships and occupation of Mischief Reef.

On Friday, Foreign Minister Datuk Abdullah Ahmad Badawi expressed Malaysia's concern over the situation and hoped the matter would be solved amicably.

Najib said while diplomatic channels were being used to solve the claims, the occupation of any of the islands could become a deciding factor.

It would, therefore, become a problem, he said, when one country tried to further their claims by occupying the island chain.

Official Comments on Return of Boat People

BK2102125895 Kuala Lumpur Voice of Malaysia in English 0800 GMT 21 Feb 95

[FBIS Transcribed Text] Malaysia has blamed the slow progress in the departure of Vietnamese nonrefugees under the voluntary repatriation program to irrelevant procedures, which are sometimes messy and complicated. Expressing Malaysia's deep concern, National Security Council, NSC, Secretary Jaafar Ismail suggested the United Nations Commissioner for Refugees implement a simplified procedure to overcome the problem.

Speaking at the technical and preparatory meeting of the Steering Committee of the International Conference on Indochinese Refugees in Kuala Lumpur, Jaafar said that in most cases, the procedures were irrelevant. About 5,183 boat people including 32 Cambodians are still in the Sungai Besi refugee transit camp, of that 4,877 have been screened out as nonrefugees and will be repatriated soon.

Trade Minister Discusses Japanese Investment

BK2102123195 Kuala Lumpur UTUSAN MALAYSIA in Malay 17 Feb 95 p 9

[FBIS Translated Text] Kuala Lumpur, 16 Feb—Japan maintained its position as one of the biggest foreign investors in this country by acquiring 15.7 percent of total foreign investments approved last year.

Datuk Sri Rafidah Aziz, international trade and industry minister, said the government approved a total of 204 projects by Japanese companies last year with a total value of RM [Malaysian ringgit] 1.77 billion.

Speaking during a roundtable meeting with the Sumitomo Group of companies in Tokyo today, she said: "Japan's total investment value makes it the second largest foreign investor in this country after Taiwan." The text of her speech was released here.

She said despite the increase in the number of investments in the country, there were some changes made by the small and medium scale companies with regard to their interest in making greater contributions.

She said: "Malaysia is currently witnessing a third wave of direct investment from Japan following the first and second waves of large Japanese companies entering the country in the 1970's and 1980's, respectively."

Rafidah said the change in the investment trend [preceding word published in English] was the result of high costs and increasing competition facing small and medium scale Japanese companies.

She said these companies have been forced to relocate their operations to more competitive regions in an effort to supply their finished products directly to their selected consumers operating outside Japan.

She added that based on this development, these companies prefer Malaysia as their best choice because they can penetrate this country's markets as well as Southeast Asian markets.

She said that because Malaysia is no longer a low labor-cost destination, foreign companies are being encouraged to invest in capital-intensive and high-tech industries.

She said this encouragement is in accordance with the government's change in strategy toward encouraging the growth of capital-intensive and high-tech industries.

She added that the success of the change in strategy was indicated by the more than two-fold increase in investment for every worker over the last five years; that is, from RM 69,159 in 1989 to RM 165,972 last year.

She said there was a 16 percent increase in the ratio of administrative, technical and supervisory employees in relation to the overall number of workers for every approved project, compared with only 9 percent in 1989.

Bilateral Trade With PRC Seen Increasing

BK2102084595 Kuala Lumpur Voice of Malaysia in English 0600 GMT 21 Feb 95

[FBIS Transcribed Text] Bilateral trade between Malaysia and China will increase further because of several positive factors. Deputy International Trade and Industry Minister Chua Jui Meng said this includes China's continued economic growth, its commitment toward reforms and open policies, and the growing political and diplomatic relations between the two countries. Speaking in Kuala Lumpur, he said vast opportunities exist for trade between the two countries.

Citing figures, he said China's exports to Malaysia rose by 26 percent to 2.1 billion ringgit in the first 10 months of last year, compared with the same period in 1993. On the other hand, Malaysia's exports to China rose by (???) percent to 4.3 billion ringgit in the same period. Chua also described transportation, communications, and power as potentially exploiting areas for trade in China.

IPF Leaves Opposition Coalition, Backs Barisan

BK2102084995 Kuala Lumpur SUNDAY STAR in English 19 Feb 95 p 2

[Report by Vanitha Nadaraj]

[FBIS Transcribed Text] Kuala Lumpur—The Indian Progressive Front [IPF] has left the opposition Gagasan Rakyat [People's Initiatives] coalition and plans to support the Barisan Nasional [National Front] in the general election.

Party president M.G. Pandithan, who announced the decision yesterday, declared IPF's support for Barisan.

Pandithan was an MIC [Malaysian Indian Congress] vice-president before he was sacked in 1989 by its president Datuk Sri S. Samy Vellu, for opposing the leader.

He formed the IPF with several former MIC members three months before the 1990 general election.

Pandithan said his party was convinced of the capabilities of Datuk Sri Dr. Mahathir Mohamed and Datuk Sri Anwar Ibrahim.

The former Trade and Industry Ministry's parliamentary secretary was speaking to reporters after a delegates meeting of 500 members.

He said: "I will even go up to Sungai Siput (Samy Vellu's constituency) to campaign for him."

"I have taken him as my leader, and he has made me a leader instead," he said.

Pandithan said IPF members would hold a gathering at Stadium Negara [National Stadium] on March 19 to express their allegiance to Barisan.

In Ipoh, Nizam Isa reports that the IPF will send a delegation to meet Samy Vellu next week to explain how the party can contribute to the Barisan campaign in the election.

Pandithan said there was a need for another Indian-based party in the Barisan.

He said Samy Vellu could win easily in the constituency with IPF help, claiming he has 3,000 supporters.

Cambodia

Prime Ministers Receive Japanese Official

*BK2102114095 Phnom Penh AKP in English
1000 GMT 21 Feb 95*

[FBIS Transcribed Text] Phnom Penh AKP February 21—Yasuaki Tanizaki, head of the Department for Financial Assistance of Japanese Foreign Ministry, had talks with Co-prime Minister Prince Norodom Ranariddh last Friday during his visit to Cambodia.

The talks focused on the settlement the debt Cambodia has owed to Japan since 1969 and the furtherance of credit loan to the country. Prince Ranariddh said that the government would submit the problem of debt clearance to the cabinet meeting for an urgent approval to repay to Japan as soon as possible so that Cambodia could easily barrow further credit from Japan for the national development, especially for the restoration of "Prek Thnaot" hydro- electricity dam.

The prince profoundly thanked Japan for its enormous assistance to Cambodia.

Mr. Yasuaki Tanizaki met Saturday with Second Prime Minister Hun Sen, during which, he voiced support the continuation of ICORC (International Conference on Rehabilitation of Cambodia). Whether there was ICORC or not, Japan would continue its assistance to Cambodia, Mr. Yasuaki Tanizaki said.

Khmer Rouge on MOUNG-PURSAT Battlefield Fight

BK2202014695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 21 Feb 95

[FBIS Translated Text] Here is a report on the National Army's routing of the two-headed elements' offensive on MOUNG-PURSAT Battlefield.

1. Since 13 February 1995, the two-headed elements marshalled and sent 1,100 soldiers made up of troops from the 8th and 12th divisions, the 5th Military Region, the armed forces of Pursat and Battambang Provinces, and the armed units in MOUNG and BAKAN Districts and militia forces to launch offensives along the MOUNG River's banks and in the PHNUM BAK and BEH DONG areas in Pursat Province. Those soldiers were backed by six tanks, four armored personnel carriers, and many warplanes and artillery pieces.

2. Since 13 February, the National Army and people on MOUNG-PURSAT Battlefield joined forces to actively implement guerrilla and people's warfare to smash the two-headed forces day and night. Our cadres and combatants

monitored the enemies' movements and clearly grasped their weak and strong points. As for the enemies, they unknowingly entered our punji stakes and mines fields. And while venturing into this area, they run out of supplies, rice, water, and ammunition. As such, our cadres, combatants, and people self-reliantly crushed the enemies according to their command's directives with buoyant and combative spirit. Especially and importantly, our forces were mobilized to attack them from behind and along their supply lines.

After a continuing battle of seven days—from 13 to 19 February—we completely smashed the enemies' offensives. We killed or wounded 149 invading troops, destroyed three tanks and an armored personnel carrier, and seized or destroyed over 100 guns.

3. The battlefield command wholeheartedly hailed the cadres, combatants, and people for their joint efforts in smashing the two-headed elements' campaigns completely with a high sense of responsibility.

The national army and people on MOUNG-PURSAT Battlefield have humbly learned from the battle experiences with confidence in their own policy, army, and people. They are resolute in continuing to join hands to fight and implement the guerrilla and people's warfare more actively and effectively.

Khmer Rouge Deny Alleged Defections of Soldiers

BK2202080395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 21 Feb 95

["Statement" issued by the spokesman of the National Army of Democratic Kampuchea on 21 February; place not given]

[FBIS Translated Text] Concerning the misleading propaganda of the old and new enemies alleging that our Cambodian national resistance forces have defected to the side of communist Vietnam, the alliance of communist Vietnam, and the traitorous, nation-selling, two-headed lackeys of the foreigners, we would like to make another statement as follows:

I. Let us closely examine the facts to see more clearly what is the truth. Let us see the undeniable truth by asking the following questions: Who has been fighting against the enemies of the nation and people? Who has been fighting against the communist Vietnamese enemy, the lackeys of communist Vietnam, the alliance, UNTAC [UN Transitional Authority in Cambodia], and the two-headed government with Hun Sen, Chea Sim, Ranariddh, and Sar Kheng as ringleaders? Have our national resistance forces been able to fight or not? For how many years have they been fighting? How successful have they been in this fight? How have they been fighting and succeeding in defending the nation, people, and race up to the present? And so on.

These questions concern the true situation, the real situation. The fact is that our Cambodian national resistance

forces have been fighting for the past 16 years in cooperation with all the national forces. They have not been waging the struggle alone. They have enjoyed the company of the fighting forces of the people. Beside them stand the forces of the people in the countryside, the people in Phnom Penh, the Cambodian people living abroad, the cadres, the combatants, the army, the guerrillas, and the people's armed forces fighting against one enemy after another for the past 16-odd years, causing them defeat after defeat up to the present. And these defeats have been handed to them in the political, economic, financial, and social fields. Having been meted out an all-round defeat, the enemies are just waiting for the day they will draw their last breath and be buried.

This situation is widely known both in the country and the world. Nothing can hide it. Everyday both the old and new masters of the two-headed government lament the latter's decay and its state of collapse. The military battlefields of the past 16 years alone constitute a living witness to this fact.

At first, 250,000 communist Vietnamese troops were sent to invade Cambodia. In every subsequent year 20,000 to 30,000 fresh troops were sent in as backup. In total, 500,000 to 600,000 communist Vietnamese troops have been sent into Cambodia and all of them were handed a shameful defeat. Everybody heard about this defeat. Communist Vietnamese chief aggressors, such as Le Duc Anh, also acknowledged communist Vietnam's utter defeat. When UNTAC arrived, it spent more than \$2 billion and used more than 20,000 military and civilian personnel. Yet, it met with the same defeat. The alliance, including the United States, France, and Australia, which has intervened both directly and indirectly—such as by giving money to buy arms, directly supplying arms, or sending military personnel to act as advisers and technicians and all types of military experts to help the two-headed government—is also experiencing a defeat and is groaning like a pig.

As for the two-headed government that UNTAC, the alliance, and communist Vietnam have created as a tool to lick up their excrement, it is also experiencing serious, stinging, and crushing defeats involving the puppet armies of communist Vietnam, the United States, and the alliance.

Just see how many self-commissioned generals and colonels of the communist Vietnamese puppets have been killed, wounded, or forced to retire. For example, we no longer hear about Pol Saroeun, Long Sopheap, Cheam Sovantha, and hundreds of others; they have all disappeared. Of the army of the communist Vietnamese puppets, not even 20 percent has remained. All kinds of fascist acts launched to conscript the people as militiamen and draft troops with which to fight have met with complete failure because of the people's resolute opposition.

During this 17th dry season alone the chieftains of the two-headed government, such as Hun Sen, Chea Sim, Ranariddh, and Sar Kheng, had urine not tears flowing from their eyes when they lamented about their being defeated everywhere; about the lack of troops with which to fight; about widespread troop mutinies; about the troops and their

families having nothing to eat; about their troops deserting from each battlefield by the dozens or the hundreds; and about the troops and their wives hurling abuse at them demanding that the Hun Sen-Chea Sim-Ranariddh-Sar Kheng chief traitors come to fight and die for themselves in the fields of mines and poison sticks and in the punji pits of the Cambodian resistance forces and people.

As for the forces of the U.S. puppets—the Para fighters of Ranariddh and of Dien Del—less than 10 percent has remained active. They cannot conscript new soldiers. They have not been able to conscript even a single soldier because of the people's opposition. The people are looking for Ranariddh to bring him to justice for the heinous crime he has committed in betraying the nation, the people, FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], and ANKI [Independent Cambodia's National Army] and for becoming a lackey of Hun Sen and the Vietnamese. As for Ranariddh City in the Rumchang region, it has also completely disintegrated.

II. Of the aforementioned situation, no one has any doubt or illusion. Everybody knows that such a situation has resulted from the following facts:

1. The communist Vietnamese enemy, the alliance, and the traitorous, nation-selling two-headed government with Hun Sen, Chea Sim, Ranariddh, and Sar Kheng as ringleaders are opposed by the entire nation and people because they are the chief criminals and chief murderers, who have fanned the war to kill the nation and people through their fascist acts, and because they are the extremely corrupt chief robbers, who have been plundering the nation and people wholesale. Therefore, it is clear as daylight that the people not only do not side with the old and new enemies and their lackeys, but they also oppose them and hurl all kinds of abuse at them. The people in the countryside do this and so do the people in Phnom Penh and those living abroad.

2. No one has any doubt as to why the national resistance forces have the strength to fight against communist Vietnam, against the alliance of the world's warmongering superpowers, and against the two-headed government with Hun Sen, Chea Sim, Ranariddh, and Sar Kheng as ringleaders. The resistance forces can fight these war criminals because they enjoy the support of the highly qualified, ethical, and genuinely patriotic forces and because they have the respect, love, support, and cooperation of the national and people's forces closely united in the struggle against the old and new enemies.

Of this situation, the world has repeatedly said that the resistance forces in Cambodia are very powerful and are causing great anxiety for the chief murderers. These national resistance forces, which enjoy the full support of the nation and people, are threatening the survival of the traitorous, nation-selling, two-headed government. They will surely cause its collapse, a collapse might take place even in 1995.

III. According to the above situation, observers at large are ridiculing the old and new enemies and their lackeys for

shamelessly lying to them that some resistance forces and people have defected to their side, and so on. Observers at home and abroad wonder: If they keep fanning the war, incessantly murdering people, and continually bringing in millions of ethnic Vietnamese to wolf down our land and produce, then who wants to live with them? If they are so hell-bent on robbing, stealing, and murdering people, being extremely fascist and corrupt, starving millions of people, and spreading AIDS to threaten the lives of up to a million Cambodians, then which Cambodian, which Cambodian patriot, which resistance fighter wants to defect to their side?

Therefore, their vociferous claims are merely about crackpots and derelicts they have recruited in the streets. This is the normal practice of the villainous communist Vietnamese. They are like the damned ghosts who could devour nothing but excrement and carrion.

21 February 1995;
Spokesman of the NADK

Khmer Rouge 'Communique' Rejects New Currency

BK2002015495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 19 Feb 95

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 19 February; place not given]

[FBIS Translated Text] I. The traitorous two-headed lackeys of communist Vietnam and the alliance have promulgated a fascist law to circulate a series of worthless new banknotes beginning in February 1995.

II. The following question has been raised: Why has the two-headed government rejected the old worthless banknotes and promulgated a fascist law to circulate new worthless banknotes?

The answer that immediately comes to mind is that both the old worthless banknotes—the old riels—and the new worthless banknotes belong to the communist Vietnamese, who have committed aggression and genocide against Cambodia. The communist Vietnamese puppets have printed these worthless new banknotes to serve the Vietnamese war of aggression against the Cambodian nation and people in line with their criminal, savage, and inhuman strategies and interests that spurn all forms of human rights and democracy. So far the communist Vietnamese enemy, his puppets, and the two-headed government of the Hun Sen-Chea Sim-Sar Kheng-Ranariddh traitors have circulated riel banknotes in countless and stupendous quantities—by the shipload—each year in order to bankroll the communist Vietnamese war of aggression and massacre against the Cambodian nation and people. They have committed wholesale plunder for the past 16 years.

Now, as it is suffering one defeat after another, the fascist, corrupt, and savage regime of the Hun Sen-Chea Sim-Sar Kheng-Ranariddh traitors is collapsing in all fields and

sectors—political, military, economic, financial, and monetary. The regime can no longer use its worthless old banknotes to fool and rob the people and conscript more soldiers, so it has promulgated a fascist law to print a new series of worthless banknotes called the new riel. It has been presented in new formats to continue duping the people and serving the war of aggression and massacre against Cambodia. Just look, these worthless new banknotes even include a 100,000 riel note. It seems that this fascist regime will stop at nothing.

III. The Provisional Government of National Union and National Salvation [PGNUNS] and the entire Cambodian nation and people continue to join forces resolutely to sink and crush the fascist law on circulating these worthless new banknotes in order to continue fanning the war to massacre the Cambodian nation, people, and race. We will force these worthless banknotes to dissolve in the quagmire along with the Hun Sen-Chea Sim-Sar Kheng-Ranariddh traitors.

19 February 1995
The PGNUNS Spokesman

Khmer Rouge Cabinet Meeting Issues 'Communique'

BK2002152195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 20 Feb 95

[Communique on the Meeting of the Cabinet of the Provisional Government of National Union and National Salvation; dated 20 February—read by announcer]

[FBIS Translated Text] On Monday 20 February 1995 the Cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly meeting under the chairmanship of His Excellency [H.E.] Khieu Samphan, prime minister and national army minister; the meeting was attended by all members.

I. The overall situation in Cambodia is that of increasingly acute conflicts, which have not been lessened or improved. The racial conflict is acute; and so are the conflicts in the social sector and in daily life. The following are the root causes of these acute conflicts:

Four million Vietnamese nationals are annexing Cambodia. The traitorous clique of Hun Sen, Chea Sim, and Ranariddh is opening the border to let more Vietnamese in, further increasing the nation's anger as well as racial tension. Communist Vietnam's war, the war of UNTAC [UN Transitional Authority in Cambodia], the war of the alliance, the war of the two-headed traitors to massacre the people and exterminate the Cambodian race has been going on for over 16 years; these people still continue to fuel the fighting.

Millions of Cambodians are starving to death. Hundreds of millions of dollars—money from the nation and the people—have instead been amassed and spent on weapons to further kill the nation and people. Soldiers and militiamen have been drafted and people armed and sent to battlefields. Campaigns have been launched to further kill the nation and people.

All types of acute conflicts that have been at boiling point for many years are getting even more acute. Serious social problems abound. AIDS is spreading and killing millions of people. Casinos, brothels, and opium dens have been opened to further spread AIDS and kill off the people. Skyrocketing prices, the devaluation of the riel, the general insecurity, the levying of all types of taxes, the problem of landless people, deforestation, the problem of Vietnamese nationals, the plundering of fish in rivers and lakes by the two-headed government, and theft and robbery are all due to the military, the police, and the civilian authorities of the two-headed government.

Faced with such vital and intricate problems, the genocidal clique of Hun Sen, Chea Sim, and Ranariddh only think of becoming more treacherous and selling off and killing the nation. This clique has opposed national reconciliation and peace. It has further angered the nation and people, who are already seething with rage like a volcano. Conflicts in the nation and society, all kinds of conflicts, old and new conflicts are continually rising. Nothing can stop these conflicts.

In such a situation the clique has made every effort in pouring all its resources onto the battlefield with the hope of delaying the death of the traitorous two-headed clique for a few more moments. However, these people have again and again been defeated; they have suffered repeated blows and are terrified on every battlefield.

II. This is the consequence of the war of communist Vietnam and its puppets. This is the consequence of the sabotage of the Paris agreement by UNTAC, the alliance, and communist Vietnam. This is the consequence of the efforts by communist Vietnam, the alliance, and the two-headed government to continue fueling the war to kill the Cambodian nation and people.

The entire Cambodian nation and people in rural areas, in Phnom Penh, and abroad categorically oppose the extermination of the Cambodian race by the communist Vietnamese aggressors. They absolutely oppose the warmongering allies who are tearing and dividing up Cambodia. They categorically oppose the continuation of communist Vietnam's war by the two-headed government, communist Vietnam's lackeys, and the alliance.

The Cambodian nation and people want national reconciliation and peace. The Cambodian nation and people want to end the war of the communist Vietnamese aggressors and race exterminators. The Cambodian nation and people want the right to self-determination and peace so that the people have time to earn their living normally again. The Cambodian nation and people want an independent, sovereign Cambodia with its territorial integrity. The conflicts in the nation and society are acute. They have been fueling the anger of the nation and society into a fire burning the heads of the two-headed government and its masters.

In other places in the world, there are also conflicts. Wherever and whenever there is aggression and oppression, there is struggle against aggression and oppression. In this era, the

struggle is getting even fiercer. On one side are the aggressors, big and medium, and their lackeys. On the other side are the nations and people whom the former have committed aggression against and oppressed, who are rising up and actively struggling to defend and save the nation and the people and to defend national honor, identity, sovereignty, and the right to self-determination. They are a force fighting for peace and genuine rights, freedom, and democracy against the lack of human rights, lack of ethics, lack of democracy, and lack of humanitarianism.

III. History in Cambodia and the world has successively clearly shown that aggressors, imperialists, and the lackeys and traitors of foreigners selling off and killing the nation, and those who go against the trend of humanity can never win against forces fighting for peace, rights, freedom, and self-determination. This is the truth and the natural law that will never fade; it will be more and more confirmed without end.

In Cambodia at present the communist Vietnamese aggressors, the warmongering alliance, and their clique of lackeys are dying and on the way to disintegration. Certainly, nothing can save them. The way to genuine national reconciliation and peace is emerging very clearly.

Monday, 20 February 1995

The Secretariat of the PGNUNS Cabinet

Indonesia

PRC-Philippines Tension Over Spratlys Viewed

Article Reviews Situation

BK2102122695 Jakarta REPUBLIKA in Indonesian
21 Feb 95 p 6

[Editorial: "The Growing Spratlys Conflict"]

[FBIS Translated Text] The conflict over the Spratly Islands in the South China Sea has reemerged lately. The Philippines, which seemed "cool and calm," has suddenly become aggressive toward China, which feels it is the rightful owner of the Spratlys. Several days ago Philippine President Fidel Ramos ordered the dispatch of additional troops and jet fighters to handle any eventuality that might disadvantage his country in the Spratlys. Ramos' target is of course China because that country has increased its military activities around the disputed islands over the past few weeks. China has even established military barracks on one of the Spratly Islands.

Among the six countries claiming the Spratlys—China, the Philippines, Brunei, Malaysia, and Vietnam—the dragon country seems to be the most "determined" to control the atolls. This is understandable because the Spratlys are geostrategically "tempting" to China, located only 1,000 km from its military bases on Hainan Island.

As China is building its southern fleet to fulfill its ambition of replacing the U.S. Navy—which left Subic Bay—in the South China Sea, it will certainly have to control the Spratlys as part of its military expansion program. Above

all, the Spratlys—which are situated along international trade lanes—will greatly support China's ambition to become a great power both economically and militarily to counter Japanese economic domination and U.S. military domination.

Military analysts believe that the dispatch of more Philippine troops and jet fighters in response to China's growing military activities in the Spratlys is merely designed to provoke international reaction. As usual, the Philippines is strongly hoping for U.S. interference. Of course the United States will not allow China to control the South China Sea, which used to be under its surveillance. Thus, Philippine opposition to China has been made possible by the U.S. factor. Also, Sino-U.S. relations have been strained over trade differences.

Many have attributed the Spratlys conflict to the existence of oil reserves around the islands. Taking a deeper view of the conflict, however, and knowing that so many countries are involved in the conflict, it is the strategic military factor that has triggered the conflict. If the conflict is really attributable to the second reason, the Spratlys crisis will widen. In that case, ASEAN will certainly be dragged deep into the conflict, partly because three of the six claimants to the Spratlys are ASEAN members and partly because the Spratlys are situated along international trade routes that cut through the economically booming [preceding word published in English] ASEAN.

Above all, the Sino-Philippine conflict over the Spratlys will certainly pose a new problem for ASEAN countries along with several other hot issues in the region, such as the Indonesian-Malaysian conflict over the islands of Sipadan and Ligitan, tension along the Thai-Burmese border, the Thai-Cambodian dispute over political fugitives, and the escalation of the Malaysian-Philippine dispute over Sarawak.

From this perspective, the Sino-Philippine conflict over the Spratlys should receive serious attention in order to anticipate any possible escalation of tension in the region, which historically and politically contains many seeds for potential conflict.

Editorial Urges Mediation

*BK2202023495 Jakarta KOMPAS in Indonesian
20 Feb 95 p 4*

[Editorial: "We Are Cautious Toward the Sino-Philippine Tussle Over the Spratly Islands"]

[FBIS Translated Text] For the past two weeks, one of the stories that has received the most attention has been the Philippine reaction to China's occupation of a coral reef in the Spratly Islands that the Philippines claims. Last week, President Ramos ordered the dispatch of more troops to the disputed islands. Brunei, Malaysia, Taiwan, and Vietnam also claim the Spratly Islands in whole or in part.

Manila described the Chinese Navy's occupation of the coral reef that it claims as "demonstrating a strong claim over the whole of the South China Sea."

Analysts believe that the issue will not bring about an immediate confrontation because Manila has admitted that its military forces are not strong enough to face China's might. On the other hand, China—according to AFP and INTERNATIONAL HERALD TRIBUNE on 16 February—could lose much in terms of its diplomatic relations with Southeast Asia.

If the Philippines admits that its military forces are limited, why did Ramos order the dispatch of troops to strengthen the position of its Navy in Panganiban Reef, part of the eight Spratly Islands claimed by Manila? For the record, the Philippines has only 50 security personnel based on the reef. This is much less than a battalion, as was stated several years ago.

This Philippine force is not considered very aggressive, even with the dispatch of the troops. As stated by Caesar Parayno, director of the Institute of International Strategic Studies (IISS) in Manila, the move was made to convey the message that Manila will not abrogate its claim.

The war of words has continued for almost a month between Manila and China over the Spratlys issue. Last month, Manila reported that China has constructed a port on a reef known as Mischief Reef and detained a Filipino who wanted to stay there. Beijing denied the allegation.

Furthermore, President Ramos issued a strong diplomatic protest and informed the other ASEAN countries as well as Vietnam.

According to Ramos, China's occupation of the coral reef was not merely an issue between the Philippines and China. Ramos stated that this is a "multilateral issue not only for the six ASEAN countries but also for all nations having interests in longterm stability in the South China Sea and in the East Asian region in general."

War will not be waged despite the several statements made and the measures undertaken, but the danger of miscalculation in a heated situation—as noted by Mark Valencia from the East-West Center in Honolulu—is present and will continue to grow (ASIAN WALL STREET JOURNAL, 17-18 February).

The strengthening of military forces by the claimants to the Spratlys will further aggravate the issue. Several countries have established bases, ports, and defensive structures. This has been followed by economic activities. Vietnam has established a fishing industry, Taiwan has constructed a lighthouse and a port, Malaysia has established a tourist resort, and the Philippines will soon follow suit.

We should be perpetually cautious and aware of all these developments. Indonesia, which is not involved in the claims to the Spratly Islands, has conducted forums in good faith since 1990 for the concerned parties to hold discussions on the issue.

We realize that patience and a spirit of good neighborliness are needed to settle the conflict over territorial claims. As such, as stated by President Ramos, nations that have no

claims but desire longterm regional stability would be welcome to participate in finding peaceful methods to solve the issue.

If the United States had not withdrawn from Subic Bay, the Philippines would not have been disappointed with its military weakness. Such a consideration, though, would only mean turning back the clock and showing the desire to solve the solution based on power.

On the other hand, the expert from the East-West Center stated that it would take a group of well-known leaders from non-claimant countries—Indonesia, Thailand, and Singapore—to think of creative solutions to the Spratlys issue. In the context of eliminating the growing use of force, dramatic initiatives rather than delay are much desired. It will be very difficult to ascertain the impact of future developments; for example, Vietnam's admission to ASEAN in July will make China's position less attractive. This could lead China to make new initiatives.

Libyan Foreign Minister Conducts Official Visit

Received by Counterpart

LD2102151595 Tripoli JANA in Arabic 1443 GMT 21 Feb 95

[FBIS Translated Text] Jakarta, 21 Feb (JANA)—The brother secretary of the General People's Committee for Foreign Liaison and International Cooperation met with the Indonesian foreign affairs minister in Jakarta today. During the meeting, strengthening and developing cooperation between the two countries in different spheres were discussed, as were bilateral issues of common concern.

During the meeting, the Indonesian foreign affairs minister expressed Indonesia's solidarity with and support for the Great Jamahiriyyah in confronting the unjust measures imposed on it through the so-called Security Council. He stressed that his country, which heads the Nonaligned Movement, pays increasing significance to this issue.

Urges Lobbying UN on Lockerbie

BK2202032295 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 22 Feb 95

[FBIS Translated Text] Libya has asked Indonesia to lobby the United Nations to reconsider the Lockerbie issue and suspend sanctions until an investigation into the case is completed. Libyan Foreign Minister 'Umar al-Muntasir expressed the hope to Foreign Minister Ali Alatas in Jakarta yesterday. Speaking to reporters after the meeting, Foreign Minister al-Muntasir said Libya hopes that Indonesia as a member of the UN Security Council will help seek the truth because there are still many doubts over the case.

Two Libyans have been charged with bombing the U.S.-owned Pan Am 747 airliner in 1988 while it was flying over Lockerbie, Scotland. A total of 259 passengers were killed in the incident. However, the latest information released by the Scottish mass media last January pointed out that a secret document issued by the U.S. Air Force indicated that

an Iranian extremist group was responsible for the bombing of the Pan Am airliner over Lockerbie.

Meets Suharto on UN Sanctions

BK2202080895 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 22 Feb 95

[FBIS Translated Text] Indonesia and other members of the Nonaligned Movement Caucus will make efforts to have the UN Security Council sanctions on Libya reconsidered. President Suharto expressed the Indonesian intention when he received Libyan Foreign Minister 'Umar Mustafa al-Muntasir at the Bina Graha Presidential Office in Jakarta this morning. Disclosing the talks to reporters, Foreign Minister Ali Alatas cited the existence of new evidence by the West on the bombing of the Pan Am airliner over Lockerbie, Scotland, which was blamed on two Libyans. However, other countries may have been involved in the bombing. According to Minister Ali Alatas, Indonesia will use the new evidence to help Libya at the UN Security Council if the sanctions are rediscussed.

Discusses Investments With Minister

BK2202032495 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 22 Feb 95

[FBIS Translated Text] B.J. Habibie, minister of state for research and technology and head of the Agency for Technological Research and Application, has said that Indonesia is opening its doors widely to investments by Libyan companies. B.J. Habibie stated this following a meeting with Libyan Foreign Minister 'Umar Mustafa al-Muntasir in Jakarta yesterday. During the meeting, Habibie said Indonesia has been able to increase the number of people who live above the poverty line and change the structure of state revenue from a dependence on oil and gas exports to non-oil and non-gas exports thanks to a series of five-year development plans.

Speaking to reporters after the meeting, Habibie said his talks with the Libyan foreign minister yesterday was general in nature because he still had to convince Libya of Indonesia's ability to become an investment destination. The minister added that investment by Libyan businessmen in Indonesia is possible because bilateral relations have been good.

*** Concern Seen on Private-Sector Foreign Debt**

95SE0106A Jakarta BISNIS INDONESIA in Indonesian 16 Jan 95 p 1

[FBIS Translated Text] Jakarta (BISNIS)—Economic observers and practitioners say that the government needs to tighten its oversight on private sector use of foreign debt, because the inappropriate use of funds will enlarge the debt service ratio (DSR) and, in the end, increase Indonesia's "country risk."

When delivering his 1995-96 RAPBN [Draft National Budget] financial note, President Suharto said this debt

must be watched, because it is under burdensome interest rates and repayment periods and because its growth is difficult to estimate.

"We hope that loans taken out by the private sector will be based on truly careful and thorough calculations so as not to cause problems later for either the businesses involved or the economy in general."

Minister of Finance Mar'ie Muhammad said earlier that, of the total Indonesian foreign debt of about \$93 billion, 40 percent is private sector debt.

He said that although the private sector debt is to be repaid by the private sector itself, the repayment of that debt will seriously influence macroeconomic developments, besides affecting Indonesia's country risk in the eyes of the world.

The finance minister's statement was very relevant if seen in connection with Standard & Poor's "country rating" of last September, in which Indonesia received a BBB- (triple B minus).

According to the president director of PT [Limited Company] Pefindo, the country rating reflects the extent of Indonesia's ability to repay its foreign debt. "If Indonesia gets only a triple B minus country rating, the implication for Indonesian companies, both private and BUMN [state-owned enterprise], that want to issue debt securities overseas is that their ratings will not reach that level but will be BB at the most."

The result is that with such a rating, companies in Indonesia must pay relatively high interest rates if they issue debt securities overseas. Private Indonesian companies that borrow overseas are charged an average 2%-3% above the Singapore Interbank Offered Rate (SIBOR) or London Interbank Offered Rate (LIBOR). Moreover, this rate is steadily showing a rising trend.

For example, PT Tjiwi Kimia, which issued bonds ("Yankee" bonds) on the Luxembourg Stock Exchange, must pay an interest of 13.25%. Private companies that take out direct loans at 2%-3% above SIBOR must still pay an "arranger" fee of 1%-1.5%.

At the end of last week, the 12-month SIBOR rate was 6.725%. If a company must pay interest of 5.5% in addition to SIBOR (including fees), about 11.725% must be paid on a 12-month loan. It should be noted that these funds are still in a foreign currency, usually U.S. dollars.

Dangerous

Frans Seda, chairman of the Indonesia-Netherlands Forum, said that the approximately \$40 billion in Indonesian private commercial foreign loans is a large figure. This amount is of considerable concern if it is not accompanied by an ability to produce foreign exchange.

Bakrie & Brothers President Director Tanri Abeng, FE-UI [Economics Faculty of the University of Indonesia] Professor Emil Salim, and Mulia Industrindo Director Tony Surjanto feel that the most important thing is that borrowers

must carefully calculate their ability to repay. This must be linked to their ability to produce foreign exchange revenues equal to the borrowed funds.

"This foreign debt has become a structural problem, not merely a secondary one. If we want to eliminate that debt in the next 25 years, we must have funds equivalent to it. The most important thing is that we must increase our ability to absorb and use those loans," Frans Seda said.

Emil Salim feels that, with a debt approaching \$100 billion, the more important thing is how to seek an Indonesian export capability that maintains a good debt service ratio (DSR), which must be less than 25%.

Remembering that the present global economy will be accompanied by exemption from tariffs, it appears that competition will be increasingly stiff. This requires better efficiency in Indonesian companies.

Some foreign investors panicked last week when they saw Indonesia's foreign debt developments, especially because of a rumor that there will be devaluation. The investor panic was related to the Mexican peso crisis, which was the result of an enlarged foreign debt not matched by exports.

Several bankers feel that the investor panic was not justified, because monetary authorities have repeatedly stressed that there will be no devaluation. Moreover, the thing that distinguishes Indonesia from Mexico is that our economic growth is very much better. Although the demand for imports is increasing, it is matched by exports.

If a "Mexican crisis" is not to befall Indonesia, everyone has to realize that a small group of businessmen must not dominate the national economy. If such domination is allowed, it is not impossible for a Mexican crisis to hit Indonesia.

According to Emil Salim, one effort that must be made to reduce dependency on foreign debt is the elimination of monopoly and oligopoly. In this way, Indonesian companies will be more competitive on international markets.

"Foreign debt is of course still needed for the continuation of development, but such debt should not be short-term. Attention must also be given to risk factors that may arise," Emil explained.

Observers and practitioners contacted by BISNIS last week said the foreign debt must be balanced by accelerated non-oil-and-gas exports. If our export position remains as it is now, the size of the debt may increase the current account deficit, which has now reached \$2.2 billion.

According to data gathered by BISNIS, Bank BNI still has foreign loans of \$50 million that fell due in 1987 and loans totaling \$130 [as published] that become due in 1995. These loans were received on or before 1991.

EKSIM [Export-Import] Bank's foreign loans totaled \$145 million, most of which have been paid. This amount does not include proceeds from "dragon bonds" issued last year. BAPINDO [State Trading Bank] has loans of about \$483 million; Bank Bumi Daya, \$545 million; State Trading

Bank, \$518 million; BNI [Indonesian State Bank], \$440 million; and BRI [People's Bank of Indonesia], about \$204 million.

Generally, the big private company groups have obtained foreign loans. Astra, for example, has borrowed at least \$795 million; Bank Bali, about \$288 million; Commerce Bank, \$266 million; PT Bentoel, \$60 million; Bimantara, \$133 million; Gadjah Tunggal, \$88 million; and the Lippo Group, \$430 million. Most of these have been repaid.

To resolve this debt problem, Frans Seda said that a way must be found to retain the unrestricted foreign exchange system. One way would be to tighten oversight, especially in the use of loan funds. The former minister of finance disapproves of foreign loan funds' being used to pay debts or for investments in other places.

"The government needs to regulate this inflow of private sector credit, seeing that most of it is short-term. These funds must actually be used for creating export products rather than for all kinds of things," he explained.

According to Tanri, these expanding foreign sector loans are based on economic, commercial calculations. The demand for foreign currency by private companies is continuing to grow, while availability of funds of the same type from domestic banks is very limited.

"All of this comes back to the principle of supply and demand. As long as a company has an adequately solid basis, there is no problem. This is important for 'rolling over' the loans. If a company can do that, the loans are appropriate, whatever their size," he said.

He added that decisions of the private sector to borrow money overseas are based on commercial considerations, including ability to repay. Because both borrowers and lenders clearly make economic, commercial calculations, the basis is clear.

For the sake of strong foreign exchange reserves, the important thing about these loans is that revenues be able to service the debt. A little weakness in foreign exchange reserves represents a danger. This is especially true when such weakness is seen as linked to possible interest rate increases.

Indonesia's current foreign exchange reserves are enough for five months of exports [as published], or \$13.7 billion. The current account deficit in 1994 was 2.2%, or \$3.6 billion. For 1995-96, the current account deficit is projected to be 2.3%, or \$4.1 billion.

*** Nonoil, Gas Industries Urge More Deregulation**

*95SE0106B Jakarta BISNIS INDONESIA
in Indonesian 20 Jan 95 p 4*

[FBIS Translated Text] Jakarta (BISNIS)—Big industrialists in the textile, wood, and leather products sectors have urged the government to issue immediately new deregulations that will support increased non-oil-and-gas exports. Their action follows a decline in the growth of exports of these three commodities during the last two years.

This request was presented yesterday to Minister of Industry Tunku Ariwibowo when he met with industrialists belonging to the Indonesian Wood Panel Association (APKINDO), the Indonesian Textiles Association, the Indonesian Shoe Manufacturers Association (APRISINDO), and the Indonesian Leather Tanning Association (APKI).

The five-hour meeting was also attended by Firdaus Ali, director general of miscellaneous industry in the Department of Industry; Djoko Moeljono, director general of foreign trade in the Department of Trade; and officials of BAPEKSTA [Export Facilities Services Board].

An industrialist interviewed by BISNIS after the meeting said the government is giving serious attention to the decline in exports of textile, wood, and leather products, which have been Indonesian mainstay commodities.

"Decline in the growth of these three main non-oil-and-gas commodities apparently has made the government frantic. Therefore, we are asked to make every effort to increase exports. It is hard to do that, however, if export policy is not supportive," the industrialist said.

The industrialist acknowledged that products of the Indonesian textile industry have begun to lose out to similar products from Sri Lanka, Bangladesh, Vietnam, and India. The reason, he said, is that the prices of Indonesia's products are not competitive on the international market because of the high cost of production.

"At present, everything is going up, from cotton to interest rates, worker wages, transportation, and other services. With problems like that, we are asked to increase exports. How can we do it?" he asked.

If the government does not immediately issue new deregulation, he said he was sure that exports in the next year will not differ much from the current level. In fact, many makers of low-value products will shut down because of inability to compete.

Frans Hendrawan, general chairman of APRISINDO, said that complaints from shoe manufacturers are the classic problems that have never been resolved, such as the high prices of raw materials, limited numbers of quality workers, and the failure to develop export market information.

"Problems in the shoe industry are the same as before. Therefore, we ask the government to continue with deregulation and debureaucratization policies by using fiscal, monetary, and administrative instruments to improve efficiency," Frans said.

As examples, he cited the need for harmonization of import tariffs on leather chemicals, the introduction of tax incentives and licensing facilities for the leather tanning industry outside Java, and the establishment of incentives for support industries to strengthen the structure of the leather-products industry.

An industrialist in the rattan industry also told the minister of industry about problems with raw materials. The industrialist said that rattan from Sulawesi, which is used in

making furniture, is becoming increasingly scarce on the market, so that many furniture makers have been forced to cut production.

"In fact, many of them have canceled export orders, although foreign orders are quite numerous. Such cases are most visible in Cirebon, which is the biggest rattan center in Indonesia," he said.

During the meeting, he added that wood and rattan product producers question the multiple PPn [sales taxes] on wood products. These taxes are imposed upstream (on sawmills) and on downstream operations (wood processing). They hope that the multiple PPn will be reconsidered.

Tunky Ariwibowo said the government will use the complaints as input before issuing a series of policies that will support increased non-oil-and-gas exports. "This meeting is one of a series of meetings being held first to discuss strategies for improving exports of the main non-oil-and-gas commodities, which have recently suffered decline."

Philippines

Government Urged To Withdraw Spratlys Claim

BK2002025495 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 19 Feb 95

[FBIS Translated Text] Former Defense Secretary Rafael Ileto has advised the Ramos government to drop its claim to the Spratly Islands. According to Ileto, the government is putting the lives of soldiers at risk just to maintain its military presence in the Spratlys. He explained that it is dangerous and the cost of maintaining troops in the islands is prohibitive. Ileto said the government should instead ask for access rights to the islands so that Philippine fishermen can fish there freely.

Ramos Demands PRC Vacate Spratlys

BK2002024795 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 19 Feb 95

[FBIS Translated Text] President Ramos has asked China to vacate Panganiban Reef in the Spratlys. Ramos warned that the country's armed forces are ready to use force, if needed, to oust any foreign force from Philippine territory.

Here is Alex Tinsay with the whole report:

[Begin Tinsay recording] In his speech at the Philippine Military Academy Alumni Homecoming, Ramos asked the Beijing government to get its forces out of the Panganiban Reef. The statement is seen as the strongest declaration made by the president against China in connection with its occupation of Panganiban Reef in the Spratlys. Ramos also warned that the government is ready to use force to oust the foreign force so as not to disrupt the country's peace.

Earlier, the Air Force sent its full force of five F-5 jet fighters to the Kalayaan Islands and the Philippine Navy sent two fast patrol craft to monitor the movement of the Chinese occupation troops in the islands. The president stressed that as commander-in-chief he will not allow the government's ability to defend itself to weaken.

In this regard, General Arturo Enrile, Armed Forces of the Philippines chief of staff, said the military is ready to send combat troops and weapons to Panganiban Reef if necessary. Enrile said the Panganiban Reef issue may end in a military confrontation with China. Enrile emphasized, however, that the first step would be to ask the Chinese warships to leave Panganiban Reef.

According to Ramos, this is necessary to ensure the security of the country's territorial limits. If there are intruders in our territory or in our exclusive economic zones they will be asked to leave.

At the same time, Ramos explained that the armed forces modernization bill aims to implement the government's determination to ensure the country's security. [end recording]

Romulo Rules Out Use of Force Against PRC

BK2002104995 Manila Manila Broadcasting Company DZRH in Tagalog 0833 GMT 20 Feb 95

[FBIS Translated Excerpt] The Philippine Government will not use force against the People's Republic of China concerning its occupation of the Spratlys. In an interview here in Malacanang, Foreign Affairs Secretary Roberto Romulo said the Philippines respects the Manila ASEAN Declaration. Romulo admitted the government continues to wait for China's reply to the diplomatic protest and they have not set a deadline for this.

When asked earlier if the country will use a military option, Romulo reiterated the government's position that the issue be settled peacefully as much as possible. Romulo added that coordination on the Spratlys issue continues between Philippine and Chinese diplomatic channels, although as of this time, China has not replied yet to the diplomatic protest. [passage omitted]

[Begin Romulo recording in English] In the Manila Declaration of South China Sea, we must exercise self-restraint and resort to all peaceful means, and we are doing that even as we continue to reach and to maintain our national consensus, and even as we continue to look at all our options both diplomatic and otherwise. [end recording]

PRC Forces Continue To Occupy Panganiban Reef

BK2102101495 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 21 Feb 95

[FBIS Translated Text] Chinese naval forces continue to occupy Panganiban Reef, which is located inside the country's 200-mile exclusive economic zone. According to some officials of the military's Western Command, there are no changes in the position of three Chinese naval vessels anchored in front of Panganiban Reef in the Kalayaan Islands.

It has been almost three days since President Ramos asked the Chinese Government to withdraw the three naval vessels in Panganiban Reef because the reef is part of Philippine territorial waters. One week has already passed since

nine Chinese warships left the area after the media exposed their occupation of Panganiban Reef.

Defense Secretary Renato De Villa, meanwhile, said the government as of the moment is still not inclined to use military force to remove the Chinese forces.

The three Chinese warships are guarding four ocean structures in Panganiban Reef, which according to them [Chinese] are for the fishermen in the area.

Senator Asks PRC To Hand Over Structures

BK2102095595 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 21 Feb 95

[FBIS Translated Text] Senate President Edgardo Angara today asked the People's Republic of China to hand over to the Philippine Government the structures it built on Panganiban Reef when it pulls out its forces from the area. Angara said the Senate supports President Ramos's call for China to withdraw its naval forces in Panganiban Reef. Angara mentioned his recommendation to the National Security Council that Beijing be asked to clarify its reasons for building the structures. Angara believes that if this is done, there will be no need to dismantle the structures on Panganiban Reef. He added the Senate supports the Ramos government's action of sending additional troops to the Spratlys.

Rebels To Fight in Case of Spratlys War

BK2102031195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 20 Feb 95

[FBIS Translated Text] The Moro National Liberation Front [MNLF] may be forced to join the government force in fighting Chinese troops if an armed confrontation erupts in the Spratlys. A top rebel commander in the MNLF Central Committee, says the MNLF is apprehensive about the current Spratlys situation. It regards the worsening situation as an obstacle to peace in Mindanao, and believes Mindanao will definitely be involved if war takes place in Spratlys.

The breakaway Moro Islamic Liberation Front, or MILF, also signified its intention to fight with government troops. According to Gazali Jafar, MILF vice chairman for political affairs, they are studying the issues.

The combined strength of MNLF and MILF is 20,000 armed men.

Senate Passes Law on Foreign Equity in Mining

BK2102122395 Manila PHILIPPINE DAILY INQUIRER in English 16 Feb 95 pp 1, 4

[Report by Stella Gonzales]

[FBIS Transcribed Text] The Senate has passed a bill that would allow 100 percent foreign equity in mining operations, an investment area previously reserved by the Constitution only for Filipino citizens.

The bill sailed smoothly through the Senate and barely got the attention of senators who are now busy either seeking reelection or running for other elective posts.

A bicameral conference committee was scheduled to meet last night to consolidate the disagreeing provisions of the Senate and House versions.

Sen. [Senator] Francisco Tatad, principal sponsor of the bill, said he expects both chambers of Congress to ratify today the conference committee report.

Tatad said the bill will "open the way for foreign investments in mining" that will mean a "revival of the mining industry" which has been suffering from a slump.

"This measure's contribution to the GNP (gross national product) will be incalculable," Tatad said, predicting the bill would create more jobs in the mining industry.

Agreements

Under the bill, any "qualified person with technical or financial capability" to assist in large-scale mineral resources exploitation, development, and use of these resources may enter into a Financial or Technical Assistance Agreement directly with the government through the Department of Energy.

Tatad said this provision is already being implemented by the government through an administrative order but this has provoked a number of court cases.

With the Mining Act, the policy will be clearly spelled out, he said.

The bill will put in a single code all existing laws on mining activity, and according to Tatad, will lure foreign investors who have been awaiting a comprehensive guideline on the industry.

The measure empowers the president to award the right to develop and utilize minerals in areas outside mineral reservations.

All mineral resources in public or private lands, including timber or forest lands, shall be open to exploration permits, mineral agreements, and finance or technical agreement applications.

Exemptions

The bill exempts from exploration areas like military and other government reservations, ancestral lands unless with the consent of indigenous cultural communities, and old growth or virgin forests, watershed reservations, mangroves, and game refuge and bird sanctuaries.

The Constitution had limited foreign equity in many Philippine businesses to only 40 percent, but Tatad said exploration of mineral resources by foreigners with the help of local experts is exempt from this equity limitation.

The bill left unsettled the question of how the government and the foreign firms would share mineral resources found in Philippine territory.

IPR Accord Signed for Computer Software

*BK2002135395 Manila BUSINESS WORLD in English
15 Feb 95 p 13*

[Report by Tina U. Young]

[FBIS Transcribed Text] The fight to protect intellectual property rights (IPR) in the computer software business seems to be gaining ground with IBM Phils., Inc. and the Association of Computer Businesses of the Philippines (ACBP) agreeing to pre-load personal computers (PCs) with IBM's personal computer disk operating system (PC DOS).

ACBP is an organization of PC compatible suppliers, composed of about 100 dealers. The association has agreed to pre-load PC DOS version 6.3 in PCs to be sold by its members.

The contract was officially signed between the parties yesterday in the presence of Trade Undersecretary Ernesto Ordonez. This is expected to strengthen and uphold the IPR law of the country.

PC DOS had been heavily pirated in the past among computer dealers which sold IBM compatibles. The Department of Trade and Industry's (DTI) drive against pirated software, with the cooperation of the private sector, has driven members of the ACBP to reconsider their position.

In May last year, ACBP president Patrick Co approached Mr. Ordonez about the problem of costly software with relation to IPR violations. This brought about the eventual agreement which enable dealers to sell the PC DOS legally and at an affordable price.

"The clones that we used to sell will die a natural death. In its place, respectable, branded PCs will be born. Our PCs can now be proudly displayed among all the branded PCs in the world. We hope this one modest step will bring about more steps and create an environment that will recognize and financially reward talented Filipino software developers in the country," Mr. Co said.

BENEFIT

The move is expected to benefit all parties concerned in one way or another. For the dealers, they can sell legal software and not be hounded by the DTI. The department can now be freed to concentrate on other IPR violations.

For its part, IBM hopes to gain a stronger brand recognition, which in turn will boost its software business. IBM Asia Pacific director for software products Mike Colleary said "There are more revenues produced from software sales than from our other businesses combined."

Admittedly, IBM Phils. president Ramon Y. Dimacali said the company will definitely lose revenues from the exercise. Typically, the PC DOS packet will sell for about P[Philippine pesos]4,000. With the agreement, Mr. Dimacali said the end user will pay something like P400 for the program, use it legally and with the assurance of product warranty.

IBM projects a total of about 30,000 PCs to be sold this year. Given this, Mr. Dimacali estimates that IBM will get

P200 from ACBP for every PC DOS kit loaded and sold, the Big Blue stands to lose about P114 million in revenues based on the software's list price.

But the real beneficiary would be the country in the long run, said Mr. Co. "I believe it is because we have neglected IPR that there is no software industry in the Philippines." Instead, Filipino software programmers whose work are being pirated go to other countries where the IPR is respected.

Mr. Colleary said the Philippines will lead the rest of Asia in the protection of IPR. Having been the first to have such an agreement between software manufacturer and PC dealers, Mr. Colleary expressed confidence the country will benefit from it over other Asian countries such as Indonesia, China, and Vietnam.

Mr. Ordonez said other such agreements between software manufacturers and PC dealers are expected to follow suit. In fact, ACBP is expected to sign a similar agreement with Microsoft tomorrow (16 February). Microsoft is IBM's closest competitor in the business.

But unlike the IBM agreement, the Microsoft agreement will not be on a volume commitment basis, said an industry source. It will be on a demand basis, he said.

Mr. Dimacali agreed that other software manufacturers are bound to enter into similar agreements to stay in the game.

EPZ Receipts Reach \$2.74 Billion in 1994

*BK2102133095 Manila BUSINESS WORLD in English
17 Feb 95 p 12*

[FBIS Transcribed Text] Dollar receipts of export processing zones (EPZs) accumulated to \$2.74 billion for the whole of 1994, the Export Processing Zone Authority (EPZA) reported.

A 32.92 percent growth in dollar receipts was registered from the year-ago level as earnings overtook the \$2.63-billion target by 3.95 percent.

Regular zones accounting for the bulk—nearly \$2 billion—of export earnings significantly contributed to overall performance. The growth in earnings of these zones was recorded at 32.32 percent, exceeding the target by 2.89 percent.

Among regular zones, the Baguio City EPZ raked in the biggest revenue from overseas sales, totalling to \$674.27 million last year. Exceeding its set target by 31.13 percent, the zone posted the highest percentage of target accomplished.

The Mactan EPZ [MEPZ the previous year. Total investments in the zones hit P[pesos]9.59 billion in 1994, tripling the earlier year's P2.6 billion.

Furthermore, dollar receipts from the zones this year are expected to be boosted by additional business inflows. Also, export products are expected to be continually concentrated on manufactured goods such as electronics, micro circuits,

and semi-conductors since most of the shops (both new and old) engage in this business activity.

EPZA data further show that employment within the EPZs also posted gains.

Workers in the zones totalled 91,860, up 32.4 percent from the 1993 level. This was 12.87 percent higher than the 69,383 target.

The Cavite EPZ was home to the biggest work force, reaching 35,637. Mactan EPZ followed with 26,221 employees. On the other hand, aggregate work force in special EPZs hit 10,261 last year.

Accordingly, total salaries and wages paid to employees at the Cavite EPZ amounted to P1.60 billion. On the other hand, Mactan EPZ paid P1.30 billion to its workers. Special zones shelled out a total of P550.69 million [21/13] followed closely with export receipts reaching \$621.12 million. Earnings rose 34.48 percent, the biggest annual growth recorded among zones. Also, MEPZ surpassed the target by 4.84 percent.

On the other hand, Bataan EPZ and Cavite EPZ contributed \$181.56 million and \$517.13 million, respectively.

Good showing from special zones can also be noted. Dollar earnings totalled \$744.64 million, indicating a 34.57 percent increase and surpassing the target by 6.9 percent.

Higher export earnings of EPZs were expected given the level of investments that poured in within early 1994 and the previous year. Total investments in the zones hit P[pesos]9.59 billion in 1994, tripling the earlier year's P2.6 billion.

Furthermore, dollar receipts from the zones this year are expected to be boosted by additional business inflows. Also, export products are expected to be continually concentrated on manufactured goods such as electronics, micro circuits, and semi-conductors since most of the shops (both new and old) engage in this business activity.

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This brought expenses for salaries and wages of all zones to P4.61 billion, rising 32.77 percent over the 1993 level.

NEDA Approves Projects Worth P23.35 Billion

*BK2102122895 Manila PHILIPPINE DAILY
INQUIRER in English 16 Feb 95 p B1*

[FBIS Transcribed Text] The National Economic and Development Authority (NEDA) Board chaired by President Ramos yesterday approved 10 air transport, infrastructure, and health projects with a total cost of P[pesos]23.35 billion.

Economic Planning Secretary and NEDA Director General Cielito F. Habito identified one of the projects as the integrated security system project for the Ninoy Aquino International Airport (NAIA).

Costing P492.66 million, the project entails the design, installation, and commissioning of an integrated security system at the airport. It would also involve the provision of technical, operator, and management training for concerned personnel, a two-year inventory of spare parts, and construction of a security maintenance center among others.

The second approved air transport project is the P1.8-billion nationwide air navigation facilities modernization project. This will involve the establishment and upgrading of air traffic services and air navigation facilities through the installation of new communication systems and the replacement of old equipment in 21 airports nationwide.

In the area of infrastructure, six projects were approved by the NEDA board. The first is the second phase of the Philippine-Japan friendship highway rehabilitation project, which is expected to cost P3.8 billion.

The Allacapan-Aritao and Calauag-Matnog segments of the highway will be reconditioned with either asphalt concrete pavement or overlay. The project's completion is expected by the year 2000.

The next infrastructure project that was approved by the board is the fourth phase of the rehabilitation and maintenance of bridges along arterial roads.

This will involve the reconstruction, replacement or repair of the superstructures of 17 bridges along the Manila north road and on the Luzon section of the Pan-Philippine highway. Its estimated cost was placed at P3.6 billion.

Also approved was the study for an alternative route for the Dalton Pass section, which is estimated to cost P120 million.

The fifth infrastructure project is the second phase of the rural roads network development project. This will involve the rehabilitation, improvement, and construction of new national, secondary, provincial, and barangay [village] road networks at a cost of P7.1 billion.

The P2.7-billion capacity expansion of the Magallanes interchange and construction of interchanges at EDSA [Epifanio de los Santos Avenue]-Quezon Avenue, EDSA-Kalayaan Avenue, EDSA-Pasay, and Ayala and Ortigas-C-5 Interchange.

Outstanding Public Debt in 1994 Viewed

*BK2102113795 Manila BUSINESS WORLD in English
16 Feb 95 p 10*

[FBIS Transcribed Text] The country's outstanding public debt posted a slight increase to P[pesos]1.227 trillion as of end-December 1994 from P1.217 trillion as of the earlier month, according to the latest data from the Bureau of Treasury (BTr).

Total availments for December alone reached P144.633 million. Debt repayments for the same period amounted to P130.741 million.

The month-on-month growth in public obligation can be traced to the slight depreciation of the peso vis-a-vis the dollar during the period in review. This developed as the Bangko Sentral's [Central Bank] growth in the national government (NG)-assumed loans which reached P66.709 billion in December from the previous month's P61.237 billion.

Likewise, Brady bonds under the 1992 Philippine Financial Plan grew 2.26 percent, settling at P74.102 billion from P72.466 billion a month ago.

Meanwhile, guaranteed and contingent accounts followed the same trend, 21/11] guiding rate for December was quoted at P24.4180:\$1, up 53.9 centavos from the previous month's P23.8790:\$1.

Domestic loans registered a slight growth, reaching P670.563 billion from P669.668 in the earlier month. Total foreign obligations likewise followed the same trend, up 1.76 percent to P556.910 billion from P547.289 billion.

The government resorts to public borrowings as a means of raising funds to cover its financial needs by not increasing taxes.

Public debt is composed of regular accounts and guaranteed/contingent accounts. Regular accounts for the period in review reached P1.081 trillion, slightly up 0.75 percent from P1.073 trillion previously. This accounted for 88.10 percent of the country's total public obligations.

The bulk of regular accounts represented direct loans of the national government. This rose slightly to P940.344 billion from P938.878 billion in November.

From this direct loans, P281.531 billion were availed by government agencies while P53.086 billion were lent to various government-owned-and-controlled corporations (GOCCs). In addition, P605.727 billion were placed in the form of government securities.

The most significant movement in the regular account indicators was the 8.94 percent growth in the national government (NG)-assumed loans which reached P66.709 billion in December from the previous month's P61.237 billion.

Likewise, Brady bonds under the 1992 Philippine Financial Plan grew 2.26 percent, settling at P74.102 billion from P72.466 billion a month ago.

Meanwhile, guaranteed and contingent accounts followed the same trend, increasing 1.35 percent to P146.318 billion from P144.376 billion previously.

The bulk of this account was represented by NG-guaranteed loans which rose by 0.92 percent to P113.639 billion. NG-guaranteed loans consist of GOCCs' borrowings guaranteed by NG.

Similarly, contingent loans exhibited a slight growth to P32.679 billion from P31.769 billion.

Trade Deficit Up by 25.4 Percent in 1994

*BK2102085195 Manila BUSINESS WORLD in English
16 Feb 95 pp 1, 6*

[Report by Cybele C. Lucero]

[FBIS Transcribed Text] The country's trade deficit widened by 25.4 percent to \$7.801 billion last year from \$6.223 billion in 1993, based on preliminary data released yesterday by the National Statistics Office (NSO).

NSO data showed the country's total trade for the year grew by 19.7 percent to \$34.667 billion from \$28.972 billion in 1993 with imports (volume and value) still outpacing exports. Some 98 export documents and 36 import documents are still expected to come in from different ports.

Import expenditures rose 20.7 percent to hit \$21.234 billion last year. Most of the purchases were capital goods and raw materials used for export manufactures. Total import payments for the month of December alone reached \$1.889 billion, or 20.1 percent higher than the \$1.573 billion registered in the same month in 1993.

On the other hand, annual export receipts grew by 18.1 percent to \$13.433 billion.

The stronger peso did not significantly hamper the growth of export earnings since more than half of total shipments were contributed by electronics and garments. These items were already contracted even before the peso appreciated against the U.S. dollar. In addition, these products are highly dependent on imported materials, which becomes cheaper as the peso appreciates.

Among major trading partners, Japan (Okinawa included) and the United States (Alaska and Hawaii included) continued to be the biggest suppliers of Philippine imports. The two countries accounted for a combined 42.87 percent share of the overall volume at \$5.175 billion and \$3.927 billion, respectively.

Six of the top ten import sources are Asian countries. Aside from Japan, the Philippines did business with Singapore (\$1.435 billion), Taiwan (\$1.222 billion), Republic of Korea (\$1.103 billion), Hong Kong (\$1.094 billion), and Malaysia (\$429.32 million).

December imports performed well vis-a-vis their year-ago levels, growing 20.1 percent to \$1.889 billion. Purchase of electronics and components for the manufacture of semiconductor devices, valued at \$279.44 million, was the

largest import category. Bills for electronics in December was 107 percent higher than the \$134.79 million posted the previous year.

Minerals, fuels, lubricants, and related materials were the country's second biggest purchase at \$174.54 million. On a month-to-month basis, payments for this commodity group went down by 10.3 percent; on a year-to-year basis, it grew by 13.2 percent.

Purchases of industrial machinery amounted to \$165.36 million, up from the \$114.61 million recorded in 1993.

Reflecting increased industry demand, imports of telecommunication equipment grew by 51.2 percent to \$148.06 million while transport equipment was valued at \$131.14 million.

The NSO report said aggregate payments for the top ten imports—amounting to \$1.28 billion—accounted for 67.8 percent of the country's total imports expenditures for the month of December.

Because of improved export receipts for the same month, the trade gap for December narrowed to \$580 million from November's total of \$736 million.

Negros Chosen for Counterinsurgency Operation

BK2002133895 Manila THE MANILA CHRONICLE in English 15 Feb 95 p 2

[FBIS Transcribed Text] Bacolod City—Negros will be the pilot area for the turnover to the police of counterinsurgency operations, Interior and Local Governments Secretary Rafael Alunan, told newsmen here.

Negros was chosen because it still has a simmering insurgency, Alunan said during a seminar of the National Peace and Order Council held on a small island off Pulupandan town in Negros Occidental last week. Among those who attended the three-day meeting were Defense Secretary Renato De Villa and top-ranking police and army officers.

The government earlier ruled that counterinsurgency operations would gradually be turned over from the combat-oriented Philippine Army to the Philippine National Police (PNP).

Negros was also once a laboratory for the Armed Forces' "gradual constriction strategy" under the Aquino government.

When Corazon Aquino became president, the island was a boiling cauldron of social unrest, especially because the price of sugar, the island's major crop, had plunged in the world market.

Fed up with grinding poverty and abuses committed by landowners and government forces, people had been joining the New People's Army (NPA) and other underground groups, and armed clashes occurred with increasing frequency.

Conceptualized by Victor Corpus, a former Constabulary lieutenant-turned-NPA commander, the gradual constriction strategy aims to deprive guerrillas and revolutionaries their mass bases.

New Communist Party Emerges in Western Visayas

BK2002133695 Manila PHILIPPINE DAILY INQUIRER in English 12 Feb 95 p 17

[Report by Carla P. Gomez]

[FBIS Transcribed Text] Bacolod City—The National Unification Commission [NUC] has revealed the emergence of another faction within the ranks of the Communist Party of the Philippines [CPP] in Western Visayas called the "Siglo Ng Paglaya [Century of Independence]."

The commission said the new group is composed of active members of the local CPP chapter and its military arm, the New People's Army [NPA], which adheres to the basic communist ideology but are said to be generally more inclined to accept the peace initiatives of the Ramos administration. Most of its members have no criminal records, the commission said.

Although the new group has not yet revealed its policies or programs that would set it apart from the so-called pro-Jose Maria Sison and anti-Sison factions, it has reportedly increased its adherents, the NUC added.

A NUC assessment report said that the CPP-NPA is now in the period of realignment, regrouping, and reorganization to cope with the organizational constraints and disintegrating membership and mass base. The report noted that some organizational changes were effected in the party's lower organs, such as the deactivation and dissolution of front guerrilla and armed propaganda units, and the establishment or renaming of their military command.

Thailand

Daily Reports U.S. Concern on Airport Deal

BK2102063895 Bangkok BANGKOK POST in English 21 Feb 95 pp 1, 6

[FBIS Transcribed Text] US Secretary of Commerce Ronald H. Brown has lodged a complaint with the Thai Government over "a lack of openness and transparency" in the Airports Authority of Thailand's bidding process to select a designer for the passenger terminal of Bangkok's second international airport at Nong Nguhao.

The move was made to support the US-led consortium of TAMS/Murphy-Jahn which is vying for the contract against the British-Franco consortium of Aeroports de Paris.

Copies of Mr Brown's complaints, dated February 15, 1995, were sent to Deputy Prime Minister Suphachai Phanitchaphak, who chairs the Government's Nong Nguhao airport development committee, Transport and Communications Minister Wichit Suraphongchai and AAT [Airport

Authority of Thailand] board chairman ACM M.R. Siriphong Thongyai, and obtained exclusively by the Bangkok Post yesterday.

"The US Government has strongly supported the American competitors for the Second Bangkok International Airport terminal design project.

"I was pleased to hear that an agreement on the design contract for the passenger terminal of the Second Bangkok International Airport had been successfully reached by the consortium of TAMS /Murphy-Jahn and the Airports Authority of Thailand," the letter said.

Mr Brown continued that he was "surprised to learn that after the apparent completion of these good-faith negotiations the Thai officials have directed AAT representatives to return to the negotiating table... I would appreciate your clarification of this situation."

Mr Brown stated: "I am concerned with what appears to be a lack of openness and transparency in this process. Such procedures could well discourage other US firms from investing or doing business in Thailand."

The AAT through its subcommittee evaluating the contest late last December favoured the TAMS/Murphy-Jahn consortium for price negotiations as the consortium, which was originally ranked third in the technical evaluation, quoted a design price of 1,176 million baht which it dropped to 1,146 million baht.

This compares with 1,200 million baht of the Aeroports de Paris (ADP), ranked first in technical terms.

The ADP then protested that it should have been picked for AAT's price negotiations as the other consortium's quoted price had been proposed with an escalation clause which could altogether be higher than ADP's price which was fixed.

Moreover, ADP filed copies of its complaint with Prime Minister Chuan Likhai and the Transport and Communications Ministry.

Then, Deputy Transport and Communications Minister Det Bunlong, who supervises the AAT, ordered an urgent suspension of the cost negotiation.

After the AAT clarified that the invitation of the TAMS/Murphy-Jahn consortium was in line with a procurement regulation of the Prime Minister's Office, the cost negotiation was allowed to resume.

The US through its Strategic Business Development Mission led by Robert Driscoll, chairman of the US-ASEAN Business and Technology Council, had previously called for a fair deal for the US-led consortium during the mission's visit to Thailand early last month.

The ADP then took its case to the House Standing Committee for Transport and Communications, chaired by Samak Sunthorawet and the House Standing Committee on Policy and Budget Administration Control, chaired by Phinit Chantharasurin.

Both House committees later called on the Transport and Communications Ministry not to make any commitment with the TAMS/Murphy-Jahn consortium as they said that the AAT should invite the ADP for cost negotiations as another procurement regulation of the Prime Minister's Office preferred the party ranked top in technical aspects.

Meanwhile, the cost negotiation between the AAT and the TAMS/Murphy-Jahn saw a reduction to 997 million baht and the price was said to be backed by the AAT's sub-committee evaluating the bidding contest.

The sub-committee got this price after it gave the consortium an ultimatum to drop prices further, sources said.

Consortium representatives reportedly worked the price out after one hour and forty minutes of consultations.

This point was cited as a cause for concern by Mr Brown who stated in his letter:

"I am particularly concerned, as I was informed that the US consortium had agreed to a figure that had been presented to them as the Thai government's final counter-offer."

Deputy Transport and Communications Det Bunlong also told reporters on February 10, 1995, that the ministry might scrap the negotiation and invite the ADP for talks instead if the ministry felt the price was still too high.

The deputy minister also quoted Transport and Communications Minister Wichit as agreeing with the stance.

On that same day, the AAT board of directors met to consider the price of 997 million baht reported by its sub-committee evaluating the bidding.

The board resolved that the price was still too high and told its sub-committee to reduce the price to 640 million baht which was the rate originally set by the AAT as a reference figure.

The board chairman ACM M.R. Siriphong Thongyai said on that day that the ADP might be invited for negotiations if the TAMS/Murphy-Jahn refused to lower its price.

The situation prompted the TAMS/Murphy-Jahn consortium to feel that an attempt to scrap its negotiation with AAT was going on, therefore, it reported this to the US Government, a reliable source said.

As a result, the US Secretary of Commerce sent his complaint to Thailand, the source said.

In response, Transport and Communications Minister Wichit said yesterday that as a big project, the Nong Nguhao airport was very interesting to several parties.

"So it is normal for interested parties to make such complaints. There will be no problems if the project is implemented with transparency and the AAT is considered not to be doing anything wrong now," Mr Wichit said.

The minister said he would ask for the details of the bidding process from the AAT and submit a clarification to the US Secretary of Commerce.

"Anyway, the price negotiations are not yet concluded and I am not in a position to intervene as the process is under the AAT," said Mr Wichit.

The TAMS/Murphy-Jahn consortium reportedly will decide tomorrow whether it can do the job for the rock-bottom price demanded by the AAT.

"The chances of accepting the proposal at this price are very slim. The AAT has wasted a lot of time," said Songkhram Sombun, project director of ACT Consultants, part of the TAMS/Murphy-Jahn consortium.

Official on Ron Brown's Remarks

*BK2202033995 Bangkok BANGKOK POST in English
22 Feb 95 p 1*

[FBIS Transcribed Text] Deputy Transport and Communications Minister Det Bunlong yesterday shrugged off comments by US Commerce Secretary Ronald Brown over the bidding to design the passenger terminal of Bangkok's planned second international airport.

In a letter to Deputy Prime Minister Suphachai Phanitchaphak and Transport Minister Wichit Suraphongchai, Mr Brown had written that there might be a "lack of openness and transparency" in the Airports Authority of Thailand's [AAT] bidding process to pick a designer for the Nong Nguhao airport terminal.

But Mr Det, who oversees the AAT, said "We need not be afraid of anything as long as the bidding evaluation is done with transparency and in the country's best interests."

He said he had received complaints from both bidding consortia, the US-led TAMS/Murphy-Jahn and the Franco-British Aeroports de Paris. There was also a complaint from US Ambassador David Lambertson.

He said such complaints were routine, and Mr Brown's would not affect the bilateral trading relationship because the AAT's bidding evaluation had been carried out "in the proper manner".

The Transport and Communications Ministry wants a price of 642 million baht to design the terminal from the TAMS/Murphy-Jahn consortium, which is still insisting on its latest offer of 997 million baht.

The 642 million baht targeted price had been set by the AAT as a reference price for the bidding contest.

If the consortium refuses to reduce its price, Aeroports de Paris could be called in for negotiations, Mr Det said.

The deputy minister said he had told the AAT's sub-committee negotiating the design cost, chaired by Aviation Department Director-General Sisuk Chantharangsue, to try to push for a rock-bottom price. The price could be increased a little in line with inflation, he added.

Mr Det declined to comment as to whether the design quality of the airport terminal could be sub-standard if the price was too low. "That's a matter for the negotiating committee," he said.

In another development, the AAT has yet to submit a report assessing the environmental impact of the Nong Nguhao airport to the Ministry of Science, Technology and Environment.

Science Minister Suwat Liptaphanlop said some of the land around the airport construction site in Samut Prakan Province was subsiding, and there were fears of noise pollution from aircraft affecting nearby housing estates and King Mongkut Institute of Technology in Lat Krabang.

Daily Details Fall of KNU's Kawmura Camp

*BK2202034595 Bangkok THE NATION in English
22 Feb 95 pp A1, A2*

[FBIS Transcribed Text] Mae Sot—In its second major military victory in less than a month, the Burmese Army captured the Karen guerrillas' stronghold of Kawmura through a succession of massive artillery bombardments early yesterday.

Kawmura had been fiercely defended, but the ethnic forces were eventually forced to abandon their headquarters after the incessant attack.

Despite the devastating defeat, Karen National Union (KNU) leaders were defiant in a statement released yesterday. They insisted that their withdrawal from the camp must not be seen as a "defeat, but the next logical step in the reconstruction of the KNU, militarily as well as politically".

The fall of Kawmura appears to have given the Burmese junta full control, for the first time, of the 300-km stretch along the Thai-Burmese border, from Mae Hong Son province to Tak province's Mae Sot district.

KNU leaders, in interviews yesterday justified the pull-out, saying they had to consider potential losses if they were to continue defending Kawmura. They said after a thorough military assessment, they realized they would have to bear a very "high cost" and "possibly severe casualties" if they did not abandon the outpost.

Kawmura is base for the KNU's 101st special military unit on the west bank of the Moei River. Leaders said they agreed that a withdrawal was "the best option at that time" to save both human and military resources.

Ever since the Burmese assaults on the former KNU headquarters at Manerplaw in January, the leaders said they had decided to resort to "full mobile guerrilla warfare", the most efficient military strategy the Karen movement has employed in its armed struggle for greater autonomy.

Manerplaw was abandoned by KNU forces on Jan 26, and was captured the following day by the Burmese army, which abandoned its two-year-old self-proclaimed unilateral ceasefire against armed ethnic groups.

Karen and border sources said Kawmura Camp Commander Brig Gen Thaw Hla, who successfully defended his camp against heavy Burmese operations since 1989, ordered the evacuation of his 800 war-battered and die-hard forces at 4 am. The ethnic guerrillas began to cross the Moei River into Thailand at around 4.20 am.

Brig Gen Thaw Hla and his deputy, Maj Than Maung, also deserted the heavily besieged Kawmura and fled into Thailand. Their whereabouts, however, have not been disclosed.

The sources said Taw Hla's decision was made after the Burmese fired a large number of "time-delayed, fused shells from their field guns, which completely destroyed" all of the Kawmura bunkers, defence lines and camp structures. The shells penetrated two to three feet into the ground and exploded three to four minutes later, wielding great destruction.

Burmese troops also bombarded Kawmura with "a number of tear-gas-like rockets" which caused "men's bodies to dysfunction immediately, eyesores and nausea", according to the sources.

Thai Army and border patrol police forces, who had predicted the withdrawal of the Karen forces, searched and disarmed all of the guerrillas, some of whom fled with their assault rifles and other weapons, and later transported them out of the Kingdom.

Col Direk Yaem-ngamreap, commander of Task Force 34 in Mae Sot, said yesterday that the Burmese troops, who resumed their shelling and ground assaults at around 4 am, after a brief lull from 10 pm Monday night, moved in and took full control of Kawmura around 9.30 am.

Border sources said three KNU soldiers were killed and an unknown number injured, while the Burmese casualties were still unknown. Altogether, the Karen faced seven Burmese battalions, or a total of between 3,000 and 3,500 troops from the 22nd, 44th and 77th divisions. They were deployed under the strategic command of Maj Gen Maung Hla against some 1,000 KNU forces in a square-kilometre area at Kawmura.

Direk said about 500 artillery shells have been fired daily at Kawmura, most falling on Thai territory. On Monday, Thai troops were provoked into firing warning smoke canisters at the Burmese after some 100 shells were launched into Thailand.

Despite the withdrawal of the Karen, Burmese troops again deliberately fired 100 artillery shells into Thailand yesterday. The shells landed around Ban Wang Kaeo, a small border village deserted by its residents after Burmese forces burned it down in a 1989 effort to capture Kawmura.

Thai border patrol police fired several rounds of mortars in retaliation. The Burmese began to fire the shells around noon and finished at 4.30 pm, after they had raised two military division flags above Kawmura.

At least four of the heavy Burmese shells landed near the Karen refugee camp at Ban Huai Kalok, 5 km from the border, prompting several Karen refugees to move to safer areas.

According to border sources, most of the Karen's Kawmura forces are in the process of uniting at the KNU Sixth Brigade area opposite the Umphang district in Tak. A smaller number have dispersed and moved deeper into

Burma to launch guerrilla attacks against the "overpowered and outnumbered" Burmese troops.

After heavy losses of weapons and heavy casualties in assaults earlier this month, the Burmese army stockpiled "an immense amount of military hardware" with the aim to crush the Karen forces and capture Kawmura before the end of the month, the sources said.

Deputy Foreign Minister Surin Phitsuwan yesterday played down the impact on Thailand should the Karens' last stronghold fall to the Burmese junta. He said he did not a major influx of refugees crossing the border because most of the camp's residents are soldiers, not civilians. [sentence as published]

"We don't think there will be any serious problems stemming from an influx of Burmese people escaping across the border if Kawmura falls. We are not too worried because most of the camp's residents are soldiers," he said.

Surin also said the fighting could intensify if the last Karen stronghold is captured by Rangoon.

Karens Claim Rangoon Used Toxic Gas on Kawmura

BK2202082795 Hong Kong AFP in English 0800 GMT 22 Feb 95

[Report by Dylan Jones]

[FBIS Transcribed Text] MAE SOT, Thailand, Feb 22 (AFP)—Karen rebels, smarting from the loss of their last major stronghold on the Thai-Burma border, were regrouping Wednesday for a new struggle—a guerrilla war against the forces of the Burmese junta.

In Rangoon, Burma's state-run press confirmed the fall of Kawmura, but said it had been overrun by members of a Karen breakaway group, the Democratic Kayan Buddhist Army. No mention was made of government troops.

And in Jakarta, Burmese Ambassador Nyi Nyi Than boasted in a statement that there was "not an inch of area under the control of the KNU in Myanmar (Burma) any more."

"A few (rebels) may cross and recross the rugged 2,400-kilometer (1,500-mile) Thai-Myanmar border. But Thai and Myanmar authorities, and the Democratic Kayan Buddhist Army, will ensure that future KNU terrorist activities will be effectively absent," he said.

Some 1,000 Karen National Union (KNU) fighters fled under fire Tuesday across the Moei River into Thailand as Rangoon government troops pounded their Kawmura camp with an artillery barrage that the rebels said included toxic gas.

Thai forces disarmed the KNU. But overnight, many of the rebels crossed back into Burma where they were awaiting orders for the guerrilla war the KNU has vowed to wage against the Rangoon junta, Karen border sources said.

One KNU official said the fighters were being regrouped under KNU Battalion Six in the area of the state capital of Mouimein, which is inland from Mae Sot.

Thai Defense Minister Wichit Sukmak said meanwhile Thailand would coordinate with the Rangoon government over the influx of Burmese into Thailand.

"The Thai military will not allow Karen soldiers to use Thai soil to launch an offensive against Rangoon," Wichit said. "We do not want to interfere with their internal affairs."

Meanwhile, some 200 Burmese troops could be seen marching in single file along the rear of the Kawmura camp Wednesday as other soldiers took photographs and videotaped the proceedings. It appeared to be a re-enactment of the fall for propaganda purposes.

A Karen fighter told AFP the loss of Kawmura had been frustrating but was not decisive. Wearing civilian clothes and chewing betel nut, he said: "Now I just don't wear my stars," referring to his uniform.

Karen officials and fighters insisted the Burmese soldiers had used toxic gas against Kawmura.

"We knew they would use this," one said. "Even the Thais had warned us."

The Karen said many of their fighters fleeing Kawmura had difficulty breathing, felt dizzy and vomited. Some bled from the nose and mouth, and some fainted.

One official noted the artillery attack on Kawmura had not been supported by a ground assault.

"They obviously did not want their own men anywhere nearby," he said.

But the Karen admitted they had no proof the soldiers had used poisoned gas and acknowledged that all their fighters had recovered completely.

Wichit said he had been told that the Burmese soldiers had used tear gas.

KNU fighters also put their casualties at only three dead and 10 injured, while Radio Rangoon said Tuesday night that there had been heavy casualties.

The KNU abandoned Kawmura Tuesday morning, saying the heavy shelling made it too costly to defend.

The KNU and the Mon are the main remaining ethnic rebel groups fighting the junta. Other groups have signed ceasefire agreements in exchange for pledges of development aid.

Officer Claims 'No Evidence'

BK2202131295 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 22 Feb 95

[FBIS Translated Text] Regarding the reported use of chemical weapons by Burmese forces in the suppression of Karen forces, which caused the Karen base to be overrun quickly, Colonel Direk Yaemngamriap, commander of Control Unit 34, said the report could not be confirmed because no evidence was available. The report was merely based on

claims made by some Karens who fled to Thailand. They said Burmese artillery shells that landed in their operation base caused eye irritation and affected their vision. This remark can be interpreted in two ways—either the Karens want the world to think they are the victims of persecution or else the shells were smoke or phosphorous cartridges. This could also have been caused by smoke from forest fires, which are common at this time of year.

Deputy Minister on Burmese Border Situation

BK2202143895 Bangkok Radio Thailand Network in Thai 1200 GMT 22 Feb 95

[FBIS Translated Text] Thailand has taken care of the Burmese refugees that fled to Thai territory following the fighting there on the basis of humanitarianism and principle. In this regard, Mr. Surin Phitsuwan, deputy minister of foreign affairs, said in an interview with reporters that Thailand will not allow any side to use Thai soil to create problems in Burma:

[Beginning Surin recording] While they are in our country, their security will be fully protected in accordance with the prime minister's policy. Government sectors—whether the military, border patrol police, or local administration—are instructed to take good care of them. It is reported that some shots were fired at Karen tribesmen who fled into Thailand. Nine shots were fired back at the Burmese side by our Thai side. Local officials are making contacts on this issue. To date, there have been no reports of losses in life or property on our side as a result of the firing. The shells should not have been fired on our Thai territory; our local officials took immediate action in giving a warning because we do not want to see the problem prolonged.

We have confirmed that assistance has been rendered purely on a humanitarian basis. All we ask is that nobody should use Thai territory to create disturbances in the neighboring country. Those who enter Thailand will be disarmed. It is their business what they do after they leave Thailand. The Burmese side has been assured by our Thai side that we will not allow anyone to use Thai soil to create problems for the Burmese side. We hope that the Burmese side will not allow the use of Burmese territory as a base to conduct encroachments upon our sovereignty. This has been clearly noted by the local officials. [end recording]

Burmese Students, Mon To Pressure Junta

BK1902110295 Bangkok THE SUNDAY POST in English 19 Feb 95 p 4

[FBIS Transcribed Text] Burmese student leaders and Mon ethnic people from Bangkok will gather today in Sangkhla Buri District, Kanchanaburi Province, to mete out strategies to apply pressure on the ruling military junta in Rangoon, a highly-informed source said yesterday.

The source said both groups believed there would be a scramble for power between the military junta after former prime minister U Nu died last week. U Nu was said to have acted as a "buffer" between.

Burmese and Mon displaced persons are expected to condemn the ongoing offensive against the Karen and other ethnic minority groups and to call for the world community to pressure the Burmese government and to unconditionally release opposition leader Aung San Suu Kyi.

Special Branch Police commissioner Pol Lt-Gen [Police Lieutenant General] Wira Wisuthikun said they will be watched to ensure activities are not against the law.

Burmese students caused unrest at Ban Maniloi holding centre in Ratchaburi's Pak Tho District on January 17 and have been detained at the Bang Khen Police Private Training School.

Pol Lt-Gen Wira said they may be stripped of student status because they violated regulations which had been set for them to follow.

Meanwhile, the Thai-Burmese border will be permanently turned from "a battlefield to a marketplace" only if Rangoon can agree on peaceful coexistence with the Karen National Union [KNU], according to Tak Chamber of Commerce deputy chairman Panithi Tangphati.

Use of force to capture KNU positions will never bring permanent peace in the area, he says.

The KNU has fought Burmese rulers for half a century to become an autonomous state. Both sides have lost thousands of soldiers but the KNU has not been able to achieve its goal and Rangoon cannot quell resistance.

"Although all of the KNU positions may be overrun soon, a guerrilla war will take place. After Manerplaw and four or five other strongholds were captured, most KNU soldiers moved deeper inside Burma for a guerrilla war.

"This is an indication that the border area will never have permanent peace," Mr Panithi says.

Mr Panithi says Burma cited its suspicion that Thailand assisted the Karen rebels as a reason to suspend its cooperation with Thailand in economic projects and trade, after Rangoon failed to capture the last KNU stronghold at Kawmura.

"The Thai private sector—Tak Chamber of Commerce—fully supports cooperation in trade, investment and tourism between the two countries, especially the construction of the Thai-Burmese friendship bridge across the Moei River," he says.

Editorial Urges Review of Burma Policy

*BK1802113995 Bangkok THE NATION in English
18 Feb 95 p A6*

[Editorial: "Border Incidents Show Need for New Kind of Engagement"]

[FBIS Transcribed Text] What, now, of constructive engagement? Recent events at the Thai-Burma border, culminating in a "stern warning" to Burma by acting Foreign Minister Surin Phitsuwan, have shown just how little respect the military rulers of Burma have for their neighbour's lofty

ideals. The Feb 9 incursion onto Thai soil for the kidnapping of Karen guerrilla leaders and a later foray on Monday of this week, both apparently inspired by the Burmese military, finally prompted Thailand to belatedly end its self-serving silence and to offer assistance in brokering a peace between the State Law and Order Restoration Council (Slorc) and the Karen rebels the Slorc is relentlessly trying to crush.

Thailand's dogged insistence on the constructive engagement policy has sheltered behind the defence that Slorc's battles with Burmese ethnic minorities, along with its well-known human rights abuses and undemocratic foundations, were an "internal matter". Faced with repeated influxes of refugees across the border, Thai authorities have generally shown a tendency to "wish the problem away" and exposed the wretched masses huddled in the camps to continuing policy flip-flops that have prompted international concern.

Now, however, we are at last seeing some straight talking from Saranrom Palace and we hope Surin's words are heard loud and clear in Rangoon. Coming as it did between foreign ministers' tenures, the Slorc's challenge to Thai sovereignty could have joined the other Burma issues in the government's "too hard basket". But Surin showed a firm grip on his temporary portfolio when he reminded Rangoon that it shouldn't do anything to destroy the "good atmosphere that is developing between Asean and itself". We wonder if he has been on the telephone to his Asean counterparts to alert them to this latest manifestation of Slorc's tendency to thumb its nose at Asean's misguided efforts to promote dialogue between Burma and its South-east Asian neighbours.

The Thai military command has also galvanized itself into a new state of preparedness, with an unprecedented meeting at the Supreme Command Headquarters on Thursday resulting in instructions to border patrols to brace themselves for any intrusion by Burmese troops into Thai territory. Supreme Commander Gen Watthanachai Wutthisiri is reported to have ordered Thai forces to fire warning shots at Burmese troops if any artillery shells fall onto Thai soil. Quite rightly, military and other border officials have been instructed to try to work out any problems over intrusion peacefully and legally.

Any cozy relationships that may exist between Thai border officials and their Burmese counterparts could well be severely tested by the heightened tensions that have prompted this new state of preparedness. But clearly, the Burmese must be made to rethink the cavalier attitude towards the integrity of the border that has enabled these incursions to take place.

Between 700-800 Karen families at Ban Bae Krao, about 60 kilometres north of Mae Sot district, are reportedly now living in great fear of violent harassment by members of the breakaway KNU [Karen National Union] Buddhist group's military wing, the Democratic Kayin [Karen] Buddhist Army [DKBA].

And since Feb 7, the day after Prime Minister Chuan Likphai visited the Mae Tao La refugee camp, some 6,000

Karen refugees from Sop Moei district of Mae Hong Son have been moving deeper into Thailand to escape harassment by Burmese troops illegally crossing the Moei River to threaten them and shoot their poultry and pets. Other reports suggest widespread infiltration of refugee camps by Slorc and DKBA representatives attempting to stir up anti-KNU feeling.

Just this week, Foreign Minister designate Krasae Chanawong was espousing his intention to continue his predecessor Thaksin Chinnawat's philosophy of business before politics.

"Nobody can stand in the way of international trade," he told an interviewer from THE NATION. Yet these recent border incidents highlight at least two crucial issues that cannot be ignored in pursuit of a trade-at-all-costs policy.

First, there is the continuing need for countries like Thailand to take a humanitarian approach in working to alleviate the suffering of all those persecuted by regimes like the Slorc—whether they be on Thai soil or in Burmese territory. Second, there is the issue of territorial sovereignty which the government has a solemn duty to protect. It is difficult to see how, under present circumstances, the government can do anything other than turn the heat up under the Slorc through all available channels. Constructive engagement has had its day. Consistent, responsible and, if necessary, stern diplomacy is the kind of engagement now called for.

Fighting 'Killing' Border Tourism Industry

*BK2002035495 Bangkok BANGKOK POST in English
20 Feb 95 p 6*

[FBIS Transcribed Text] Tak—The bloody fighting between the Karen National Union [KNU] and Burmese Government troops, which has claimed hundreds of lives, is also killing the tourism industry in this northern province.

Tak Province has experienced an 80-percent drop in tourism arrivals due to the ongoing battle between forces of the Burmese Government and the Karen National Union, local police, travel agents and shop owners said yesterday.

During Chinese New Year, tour coaches vans, pick-up trucks and sedans crowded the parking lots of the Thai-Burmese border market at Ban Rim Moei in Mae Sot District, said Mr. Sumet Tangmanastong, 48, owner of the Safe Way Minimart which is located in the market.

Vehicles had to be parked on the side of the Asian Highway as the market's parking lots were full, he said.

According to Mr. Sumet, tourists usually enjoyed eating, shopping and crossing the border to visit Burma's Myawaddy and there were about 10 tour coaches as well as 100 vehicles of other types at holiday weekends.

"But this year, the parking lots are nearly empty. This weekend saw no coaches but some vans and sedans. Last weekend saw three coaches, each of which carried only 5-6 people who bought goods for resale at other places," he said.

There used to be 1,000-1,500 tourists visiting the border market at weekends but the number has plunged to 200-300,

said Mr. Sumet, adding that he would close his business at the end of this month. The battle between troops of the Burmese Government and the KNU in areas opposite Tak and Mae Hong Son Provinces, which began late last year, have scared away tourists.

The recent accident in which a coach carrying teachers of the Santa Cruz School on the Mae Sot-Umphang Highway in Tak is believed to be another factor in the decline. [sentence as published]

Pol Capt [Police Captain] Sombat Phannarong, owner of the SP Tour Company which serves raft and guided tour groups to waterfalls, hill tribe villages, and jungle locations, said his business had recorded an 80-percent drop in clients.

The SP Tour has its head office in Mae Sot District and has branches in Tha Song Yang and Umphang districts of Tak Province. The firm used to take 100-150 tourists per week on rafts down the Moei and the Salween rivers, but there was no interest lately as the banks of both rivers are still under the control of Burmese Government troops who are trying to destroy the last strongholds of the Karen National Union.

Pol Capt Sombat said SP Tour was still providing tourists with boat trips along the Moei River, but upriver away from the fighting from Mae Ta Wah to Ban Mae Salit Luang and accommodating them at the Mon Krathing Resort.

"However, this weekend we served only 25 tourists out of 200 people who had earlier booked this service."

Meanwhile in Umphang, only 72 guests out of 260 who reserved rooms showed up at the Umphang Resort this weekend," said Pol Capt Sombat.

Many teenage tourists had departed Bangkok in tourist buses but their parents managed to catch them and cancel their trips to these resorts despite losing the deposits, he said.

Troops of KNU and the Burmese Government are fighting at Kawmoora Camp opposite Ban Wang Keaw—about 14 from Mae Sot District and 20 km from the Thai-Burmese border market, he said.

Need for Military Attache in Cambodia Expressed

*BK2002075095 Bangkok THE NATION in English
20 Feb 95 p A5*

[Report by Piyanat Siwalo and Marisa Chimprapha]

[FBIS Transcribed Text] Thailand urgently needs a military attache to be based in Cambodia as both countries have been engaged in a series of bilateral conflicts, mostly concerning military issues, a senior Foreign Ministry official said.

The military attache would be able to solve mutual misunderstandings as military officers in countries round the world usually speak the same language, the official said.

"The potential candidate for the post is likely to be Col Nopphadon Ratchatanawin of the Army's Operational Command Centre," said the senior official, who wished to remain anonymous.

The government is scheduled to endorse the Defence Ministry's plan to establish military attache offices in Vietnam, Italy, South Korea and Cambodia during its weekly meeting tomorrow.

The criteria which determines the opening of military offices in foreign countries is that such a move would benefit and strengthen bilateral relations, as well as help defuse conflicts.

Presently, the Thai Army has representatives in Vietnam, Italy and South Korea, but the proposal for Cambodia has only recently been made.

Everything has been readied for the opening of an office in Cambodia, including the allocation of a budget, the official said.

Given the importance of the proposal, Prime Minister Chuan Likphai has asked for more information about the working of similar offices in Vietnam, Italy and South Korea, a government source said.

"The government should appoint a military attache, based in Phnom Penh, as soon as possible as Thailand and Cambodia have long had mutual misunderstandings," the Foreign Ministry official said.

The latest incident, which is still unsolved, was the massacre of 22 Thai workers in Preah Vihear province late last year, resulting in the closing of a border point.

"The military attache would be expected to help cooperate with the Cambodian military authorities," the official said.

The official saw possible misunderstandings in the near future as Cambodian troops have been conducting a dry-season military offensive against the outlawed Khmer Rouge in order to recapture the guerrilla stronghold at Preah Vihear Temple in Preah Vihear province which borders Thailand.

Government troops have recently claimed that they now control all routes with access to the Khmer Rouge's stronghold at the Preah Vihear Temple.

"In case government troops are unable to capture the temple, the Cambodian government would not hesitate to accuse Thailand of helping the guerrillas in their resistance," the official said.

The official noted that as Thailand and Cambodia have a sizeable border, and if Cambodia cannot end its conflict with the outlawed guerillas, mutual misunderstandings cannot be avoided.

If a military attache office was opened it would be separate from the Thai Embassy because of the lack of space, the source said.

WTO Envoy Now Agriculture Committee Chairman

BK2102135595 Bangkok Voice of Free Asia in Thai
1200 GMT 21 Feb 95

[FBIS Translated Excerpt] [Passage omitted] The director general of the Foreign Ministry's Economic Department says he received a report at 0030 today from the office of the Thai permanent representative to the United Nations in Geneva that Danai Dulalampha, Thai ambassador to the World Trade Organization [WTO], has been unanimously elected chairman of the WTO Agriculture Committee. The authority of the chairman is to supervise compliance with the agricultural agreement commitments. His term is one year. Danai will convene the first meeting of the Agriculture Committee in the next [word indistinct] months in Geneva. [passage omitted]

Daily Profiles Foreign Minister Krasae

BK2002130295 Bangkok BUSINESS DAY in English
20 Feb 95 pp 1, 2

["Profile" by editor-at-large Wiphat Wichitwathakan:
"Krasae; Thailand's Compassionate Son"]

[FBIS Transcribed Text] The appointment of a new Foreign Minister invariably sparks questions about the future course of Thailand's foreign policy. The fact Thailand has had three Foreign Ministers in about four months intensifies the sense of curiosity.

Will there be major changes in policy? Should foreign policy and international trade policy be closely co-ordinated, and if so, what roles should the new Foreign Minister assume? What should Thailand's responses be to the volatile situations in Myanmar [Burma] and in Cambodia?

While it is obviously too early to know the answers to the questions above, there is an excellent way to discern future changes. Foreign Minister Krasae Chanawong has given the world ample opportunities to witness his actions, convictions and principles.

Born in poverty and raised in adversity, Mr Krasae overcame daunting obstacles by dedication and hard work. The sixth child in a family of ten children, he managed through sheer strength of will and self-discipline to obtain a medical degree, a Master's-level education in England and a doctoral studies certificate at Columbia University in the US.

His exemplary public career spans over three decades, and the awards he received, including the highly-regarded Magsaysay award, attest to the respect he has earned in Thailand as well as abroad.

Most importantly, the hard roads he travelled have strengthened his integrity, while making him sensitive to the plight of the poor and dedicated to helping the dispossessed.

Buddhism considers kindness and compassion to be the highest virtues and the defining elements of moral character.

Mr Krasae is a kind and compassionate man and so we can fully expect that the tone as well as the substance of his service as Foreign Minister will be to strive for consensus rather than to impose authority and power, to emphasize co-operation and avoid contentiousness, and to extend Thailand's hand of friendship and reconciliation to all.

There is no doubt that should Mr Krasae combine his high moral standards with decisive action, as he has done so often in the past, Thailand's foreign policy will reach new heights of credibility and international respectability.

The differences in style and approach among the three most recent Foreign Ministers is a fascinating subject in itself. Sqd Ldr [Squadron Leader] Prasong Sunsiri drew on his considerable civil service experience, his expert knowledge and his background as the Secretary General of the National Security Commission to guide the Foreign Ministry towards enhancing national security.

Thaksin Chinnawat came to the Foreign Ministry with a superb reputation as a world-class entrepreneur of immense energy and achievement. He brought to the Foreign Ministry a new vision based on the premise that economics, business and international relations are intertwined and that the Foreign Ministry must, therefore, act in such a fashion as to incorporate all elements.

In so doing, he courageously faced up to the critics who alleged that the Foreign Ministry was out of line and should revert to more traditional concerns such as border issues and the human rights of ethnic minorities.

Undaunted Mr Thaksin forged ahead. His bold and decisive style quickly earned the respect of the Foreign Ministry's personnel, an amazing feat in itself since the ministry's bureaucrats have a well-deserved reputation for being tradition-bound.

In an exclusive interview with BUSINESS DAY, Mr Krasae was clear and direct in expressing his feelings on becoming the new Foreign Minister.

He said: "I feel deeply honored to have an opportunity to serve the country and the people. It is a responsibility which requires my utmost dedication and care."

Asked whether there would be substantive changes in Thailand's foreign policy under his leadership, Mr Krasae forthrightly replied: "The foreign policies of the Chuan Likphai government have been on the right course, so I do not anticipate changes. There could be changes in style and approach, but the objectives as well as the fundamental policies will remain on a steady course."

Mr Krasae puts Asean relations high on the agenda. He spoke of the forthcoming Asean meeting in Brunei with a sense of positive anticipation.

The meeting will afford him an opportunity to establish rapport with the other Asean foreign ministers as well as to push forward the spirit and achievements of Asean co-operation.

When asked about Thailand's relationship with its immediate neighbors, Mr Krasae's comments on Laos were indicative of his basic attitude and beliefs. "Our relationship with Laos shows constant progress. His Majesty The King is held in the highest esteem by the Laotian people, in much the same way that we revere him. The projects of Her Royal Highness Princess Sirinthon in the areas of agricultural development and re-forestation have demonstrated our country's goodwill and helpfulness. This is the way Thailand should relate to all its neighbors."

Despite the international outlook of his new position Mr Krasae's heart is never far away from the people he has spent his life serving: the rural population.

His views on the need to narrow the gap in income and wealth between the rich and the poor are deeply held. "The poor in our rural communities need help on many fronts, and there must be a re-distribution of power from Bangkok to the rest of the country in various areas. Education is one of the major areas. The people in rural areas must have access to quality education.

"This is a not a matter of receiving gratuities and privileges. The people in the provinces have the right to their own resources, and they must exercise this right. So there is a need for people everywhere in the country to have access to their own resources—economic, educational, and political."

Mr Krasae has a wonderful opportunity to mold the nation's foreign policy to reflect his high standards, values and personal style.

Farther down the road the next challenge will be to face the electorate when at re-election time. We will then find out if his life-long record of outstanding public service, combined with his achievements as a foreign minister, will outweigh the declining public support that his political party has suffered of late.

But whatever the vagaries of political life, Mr Krasae has already earned the respect and gratitude of his country. Thailand is fortunate to have such a kind and compassionate native son.

Krasae: 'Collective Leadership' Needed

*BK1802115395 Bangkok BANGKOK POST in English
18 Feb 95 p 1*

[FBIS Transcribed Text] Krasae Chanawong said yesterday he preferred a "collective leadership" in running the Foreign Ministry, saying he was not accustomed to acting as a prominent leader.

Dr Krasae said his work philosophy was "consult not dictate", but he would take full responsibility for any action he takes in his new position.

Dr Krasae and Thawin Phraison were formally appointed the new foreign and university affairs ministers yesterday under a Royal Command issued on Thursday.

The Foreign Minister said his first mission after being granted a royal audience to be sworn in on Tuesday was to visit Brunei which is playing host to the ASEAN foreign ministers meeting in July.

The trip will be followed by visits to Thailand's neighbours and ASEAN members.

Dr Krasae said he had already met Permanent Secretary Pracha Khunakasem to discuss the preparation of the Comprehensive Development of Indochina Forum to be held in Japan from February 26-27.

The minister will follow the forum with a one-day official visit to that country.

Dr Krasae said he would give priority in his visits to Thailand's neighbours which are ASEAN members since his predecessor was unable to visit them due to his short term in office.

He has also started preparing for the Social Summit in Denmark in March and the ASEAN Summit which Thailand will host in Bangkok in December.

He said he had studied the foreign policies under the Chatchai Chunhawan and Anan Panyarachun governments as well as those of his two immediate predecessors, Sqn Ldr [Squadron Leader] Prasong Sunsiri and Mr Thaksin.

"The policies are basically the same, but my working style will be different because I am not a person with a strong character," said Dr Krasae while confirming he would do his best in the new job.

He was familiar with foreign affairs after serving for two years as the House Foreign Affairs Committee chairman.

He also moved to allay fears he might not meet the standards of efficiency set by Mr Thaksin who had an impressive performance with his economy-led policy.

A minister does not necessarily have to be informed on every issue, he said.

Mr Krasae said the economy-led foreign policy had become an international foreign policy strategy already adopted by the Foreign Ministry.

He was confident he would be able to ensure the policy is continued with the cooperation of ministry officials.

The minister said he would invite leading businessmen and bankers for talks after his visit to Brunei to seek their views on the definition of an economy-led foreign policy.

He said he wanted to know how independent-thinking businessmen want the Foreign Ministry to perform.

Navy To Drop Plan To Buy Submarines

BK2202051495 Bangkok THE NATION in English
22 Feb 95 p A1

[FBIS Transcribed Text] Defence Minister Wichit Sukmak has withdrawn from the Cabinet agenda the Navy's plan to acquire a fleet of submarines, reasoning that the proposed repayment plan for the deal exceeds the limit set by the Budget Bureau.

"The purchase of submarines requires a huge budget and a repayment scheme that would stretch out over several years," Gen Wichit said.

"The project must be suspended because the terms of the proposed (purchasing) agreement require repayments which far exceed the ceiling fixed by the Budget Bureau."

Budget Bureau Director Bodi Chunnanon said yesterday the bureau prohibits any purchasing deal which requires a repayment period of more than five years adding that the ceiling set on annual repayment is designed to ensure the government agencies have enough money to acquire other necessary equipment while paying outstanding debts.

The director said the Navy wants [Thai Baht] Bt17 billion for the purchase of submarines, which, when broken down to a repayment plan over five years, would exceed the ceiling set by the Bureau.

According to the Budget Bureau, repayment of any purchasing deal by government agencies must not exceed 7 per cent of the total budget earmarked for acquisition projects in the second year after the first payment; repayment must be no more than 65 per cent in the third year, not over 55 per cent in the fourth year and not exceeding 45 per cent in the fifth year.

He said the Navy is entitled to 15 per cent of the total national defence budget this year, but that amount will be broken down into a regular budget and an acquisition budget.

"That's why the Navy cannot use all 15 per cent of its total defence budget for the purchase," Bodi explained.

However, Adm Winyan Santiwisit, deputy navy commander in chief, said yesterday the Navy has resubmitted the purchase proposal to the Cabinet after reviewing it following its rejection by the Budget Bureau.

The deputy navy commander insisted that the proposed purchasing deal conforms to the regulations set by the Budget Bureau regarding the proportion of repayment in relation to the total annual Navy budget set aside for acquisition projects.

Vietnam

'Failure' in Repatriation Talks With Germany

BK2202112895 Hong Kong AFP in English 1104 GMT
22 Feb 95

[FBIS Transcribed Text] Hanoi, Feb 22 (AFP)—The Vietnamese government admitted failure Wednesday in talks with Bonn on the repatriation of 40,000 Vietnamese living in Germany, but said the two sides "are arranging further discussions."

Hanoi said the stumbling block has been the question of German financial assistance to be provided along with the repatriated Vietnamese, who, according to Bonn, are living in Germany illegally.

"The two countries have not reached agreement on the use of the financial assistance destined for the repatriation (of the Vietnamese)," a spokesman for Vietnam's foreign ministry told AFP.

"The two sides are arranging further discussions on this question before opening talks on the repatriation itself," the spokesman added, without providing further details.

Germany's interior ministry announced Monday that talks had been broken off by Vietnam.

According to the German government, the difference is over the use of 20 million marks (13 million US dollars)—part of the German aid package to Vietnam for 1995—that is targeted to ease the repatriation of the Vietnamese when they return home.

But Hanoi has refused that the financial aid be linked to specific repatriation projects, as desired by Bonn, according to German officials.

The two countries agreed in principle in early January on progressively repatriating the Vietnamese living illegally in Germany, estimated to be about 40,000, but they have not worked out the details.

The Vietnamese in question are economic migrants unable to obtain refugee status in Germany and laborers imported into former East Germany before the collapse of communism, who stayed after reunification in 1990.

The dispute over financial aid has delayed by several months the signing of a framework accord on economic cooperation between Vietnam and the European Union.

However, the European Commission decided last month to complete negotiations with Vietnam on an economic agreement, as Bonn continued to settle the repatriation issue in bilateral talks.

The framework accord between the EU and Vietnam is expected to be signed "fairly quickly," according to European officials in Hanoi.

PRC Party Delegation Pays Working Visit

BK2102142095 Hanoi VNA in English 1354 GMT 21 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 21—A delegation of the Organization Department of the Communist Party of China Central Committee (CPCCC) led by its deputy head Mr Wu Lianyuan paid a working visit to Vietnam from Feb. 13-20 at the invitation of the Commission for Organization of the Communist Party of Vietnam Central Committee (CPVCC).

While here, the Chinese party delegation paid a tribute to President Ho Chi Minh at his mausoleum. It was cordially received by Le Phuoc Tho, Politburo member and secretary of the CPVCC and head of the party's Commission for Organization. Mr. Tho expressed his belief that the exchange of visits between the two parties and states would contribute to the enhancement of the friendly relation between the two parties and peoples.

Mr. Wu Lianyuan welcomed the achievements recorded by the party and people of Vietnam in their renovation process. He also expressed his hope that the Vietnamese people under the leadership of the Communist Party of Vietnam would obtain new achievements.

The delegation also had working sessions with several commissions of the party and made a tour of Hanoi, Ho Chi Minh City and the southern province of Khanh Hoa.

Priorities Set for National Assembly Session

BK1802161695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 18 Feb 95

[Apparent communique issued by National Assembly Standing Committee—place and date not given]

[FBIS Translated Text] From 13 to 17 February, the National Assembly Standing Committee [NASC] met in Hanoi under the chairmanship of National Assembly Chairman Nong Duc Manh. Vice President Nguyen Thi Binh also attended the meeting.

1. The NASC examined the preparation for the Seventh Session of the Ninth National Assembly. It established that the main duty of the next session is the legislature building work and the examination of the implementation of the National Assembly's resolution on the 1995 duties. It also decided that the session will start in late March.

The NASC offered its views on the draft bill on state-run enterprises, the bankruptcy draft bill, and the draft bill on the amendment to some articles of the Vietnam Civil Aviation Law. It requested all bill drafting organizations to coordinate with other responsible committees of the National Assembly to urgently amend the aforementioned draft bills, and stated that the government and responsible state organizations are to prepare reports on issues listed in the agenda of the Seventh Session of the National Assembly and present them to the National Assembly for consideration.

2. The NASC offered its views on the draft regulation on dealing with violations of administration regulations and the draft regulation on prevent and fighting against HIV-AIDS infection. The NASC requests that all drafting organizations are to study and seek more opinions from responsible organizations, amend the aforementioned draft regulations, and present them to the NASC for approval in its next meeting.

3. Acting on the recommendation of the chief justice of the Supreme People's Court [SPC], the NASC approved a decision to appoint additional members to the Board for Selection of SPC Justices and Justices of the Central Military Court. Acting on the recommendation of the director of the Political General Department of the Vietnam People's Army, the NASC approved a decision to appoint military justice assistants to the Central Military Court.

Australia

Foreign Minister Arrives in Indonesia for Talks

NPT, East Timor on Agenda

*BK2102063495 Melbourne Radio Australia in English
0500 GMT 21 Feb 95*

[FBIS Transcribed Text] Australian foreign minister, Gareth Evans, has arrived in Jakarta for talks with his Indonesian counterpart, Ali Alatas. Michael Marr reports that the visit is part of a week-long tour of Southeast Asia by the Australian minister.

[Begin Marr recording] Senator Evans says the main purpose of his unscheduled visit to Indonesia is to discuss a forthcoming review of the nonproliferation treaty in New York this April. The minister has been arguing for an indefinite extension of the treaty, but the Indonesian-led nonaligned movement is against such a move.

East Timor is also expected to be on the agenda at the Jakarta talks. Australia is presently defending itself at the International Court of Justice against the case brought by Portugal over the signing of the Timor Gap Treaty. Lisbon is challenging the legitimacy of the treaty which governs Indonesia and Australia's exploration and exploitation of resources in the Timor Sea. As well, Sen. Evans is under pressure to raise questions about the recent killing of six East Timorese by Indonesian soldiers in his talks with Foreign Minister Ali Alatas. Although church circles in Timor has said the six were civilians, the Indonesian military continue to maintain the dead were supporters of the former Portuguese colony's pro-independence movement. [end recording]

Meets Counterpart; Returns Home

*BK2202100095 Melbourne Radio Australia in English
0630 GMT 22 Feb 95*

[From the "International Report" program]

[FBIS Transcribed Text] The troubled issue of East Timor has again figured prominently in high level talks between Australia and Indonesia. Australia's foreign minister, Gareth Evans, returned from Jakarta overnight after telling his Indonesian counterpart that a major initiative was needed to address what he describes as a deteriorating situation in the former Portuguese colony.

Michael Maher reports from Jakarta:

[Begin recording] [Maher] Indonesia's foreign minister, Ali Alatas, once described East Timor as the pebble in his country's shoe. Gareth Evans says that pebble is fast becoming a rock. During an unscheduled visit to Jakarta, Senator Evans spent two hours with Mr. Alatas and discussed the former Portuguese colony at length. He made plain his assessment that conditions were deteriorating in East Timor and told Minister Alatas that the time was ripe for a major new initiative to address the underlying causes of discontent there. Senator Evans said it was unfortunate

that moves toward a greater degree of political autonomy for East Timor seemed to be off the agenda.

As for the deaths of six East Timorese last month at the hands of Indonesian soldiers, Australia's foreign minister underlined Canberra's concern about the incident. However, less than 24 hours before Gareth Evans' arrival in the Indonesian capital, the head of the country's armed forces was insisting that the dead were members or sympathizers of East Timor's pro-independence movement. The military has taken the rare step of setting up an honor council to investigate claims that the six were in fact civilians, but Senator Evans acknowledged that expressions of international concern over East Timor are not given a high priority by Indonesia's generals:

[Evans] In fact, we are not sure what impact we are having beyond the Foreign Ministry, which has always been sensitive to and understanding of that degree of international concern. That has been a consistent voice. We are trying to get a solution to it within the government. It is the case that for most other people in the Indonesian system, in the military and elsewhere, East Timor seems a small problem far away and unless they are very directly exposed to some of the international concern about that they tend not to give it a high priority at all as a problem demanding a solution. What one really has to do, I think, is keep on working away at quiet persuasion. We are doing the best we possibly can in as many different forums as we can and with as many different channels of access as we have to get the message that this is a problem that is real, the people in East Timor do have rights and interests which are presently not being fully and effectively recognized, that there is a far too excessive and oppressive military presence there which must be drawn down, there is a strong case to be made for (?release) and a greater degree of political autonomy.

[Maher] As for the chances of a debate on greater autonomy for East Timor being rekindled after being given a negative reception by President Suharto last year, Senator Evans was less forthcoming:

[Evans] I have made perfectly clear in the public record and do so again that I think it is an important element in the equation and one that I hope very much the Indonesians will pick up, but I don't think it would be helpful for me to be trying to second guess what Indonesian positions are likely to be over the next few months on that issue.

[Maher] During his Jakarta stopover, Senator Evans also briefed Ali Alatas on Portugal's challenge to the legitimacy of the Timor Gap Resources Treaty signed by Australia and Indonesia five years ago. The case is now being heard in the International Court of Justice in The Hague.

And while a raft of other issues was discussed by the two foreign ministers—including the Nuclear Nonproliferation Treaty and current conditions in Burma—East Timor continues to cast a shadow over both government and nongovernment contacts between Australia and Indonesia. Be it a pebble in the shoe or a rock in the way, the former Portuguese colony is clearly a pressing problem in need of a peaceful solution. [end recording]

New Zealand**McKinnon Expresses Concern About Spratlys**

*BK2102033695 Hong Kong AFP in English 0258 GMT
21 Feb 95*

[FBIS Transcribed Text] Wellington, Feb 21 (AFP) - Foreign minister Don McKinnon said Tuesday he was concerned developments over the Spratly Islands in the South China Sea could be "very destabilising to the region."

He said he was concerned at the possibility of conflict.

In a statement he said he had received a telephone call from Philippines Foreign Minister Roberto Romulo worried at reports of a Chinese activity in the islands.

The Chinese, who claim ownership of all the islands, have reportedly stationed troops and built structures on Mischief Reef in the Spratlys, which is part of the area claimed by Manila.

As well as China and the Philippines, the chain of islands—supposedly rich in oil and mineral deposits—are wholly or partially claimed by Brunei, Malaysia, Vietnam and Taiwan.

McKinnon said he wanted the issue considered calmly and urged that the countries involved do not act "in a way that might alarm the others".

He said Romulo, who is due here at the end of the month, pointed to the 1992 Manila Declaration on the South China Sea which calls on all claimants to exercise restraint and resolve the issue peacefully.

He said Indonesia had tried to secure cooperation over the islands and Vietnam had called for a peaceful resolution.

All claimants except Brunei have troops stationed in the archipelago.

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